

NEWS SUMMARY

GENERAL

Home rule support 'falling'

The Prime Minister will launch the Labour Party's devolution campaign in Scotland at a rally in Glasgow today, as a survey shows that support for the policy is waning.

An opinion poll in the Glasgow Herald says backing for a Scottish assembly has fallen to 45 per cent, compared with 52 per cent in January and 58 per cent last October.

A BBC survey shows that only 33 per cent of the Welsh will vote for devolution, and 45.8 per cent against. The proportion of the "undecided" is 21.2 per cent, a 7 per cent rise since last autumn. Back Page

US Jets for Sudan

The U.S. is to sell 12 F-5 jet fighters and 50 M-60 tanks to Sudan and 12 fighters to North Yemen. Defence Secretary Harold Brown said, following talks in Saudi Arabia, the Saudis will pay the cost.

Israel peace bid

Israel will send Foreign Minister Moshe Dayan to the renewed Camp David peace talks with Egypt, but says any agreement reached would need Cabinet approval. Page 2

Vietnam accused

Vietnam has accused Vietnam of killing more than 70 Chinese soldiers and civilians along the border in three weeks and "committing acts of sabotage" despite warnings.

MP quits party

Mr. James Kilfeather, MP for North Down, is to resign from the Official Unionist Party in protest against Mr. Enoch Powell's influence on its leadership. Page 4

Jail emergency

Prison officers in Walton Jail, Liverpool, called off a work-to-rule after the governor imposed a state of emergency following clashes with prisoners.

Leadership gap

The death of senior Yugoslav politician Edvard Kardelj has left a gap in the country's leadership ranks and undetermined problems of who should succeed the 86-year-old Marshal Tito. Page 2

Drinking ban

Foreigners in Pakistan could be sentenced to 30 lashes and three years in jail for drinking alcohol in public, according to new Presidential orders imposing Islamic law. Page 2

Briefly . . .

South Africa's former Rugby captain Dawie de Villiers will be his country's new ambassador to the UK. Men and Matters, Page 12

Labour MP Mrs. Barbara Castle will contest the Greater Manchester North seat in the European Elections on June 7.

Lord Kagan, who faces tax and currency offence charges, is due to appear in a Grandad TV interview recorded in Israel

tonight.

A young British soldier from an armoured regiment has been stabbed to death in Herford, West Germany.

Top dog at Crufts was a Kerry Blue terrier called Callaghan, who was named Champion of Champions.

Thirteen ministers from India's largest state of Uttar Pradesh resigned after a row with the chief minister.

Exiled Somalis opposed to President Barre have formed a new resistance movement, according to Nairobi reports.

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'Victory at hand', claims Ayatollah Khomeini

# Iran Premier resigns as troops disengage

BY OUR FOREIGN STAFF

THE WAY for a complete takeover of Iran by the Ayatollah Khomeini's Islamic revolutionary movement seemed open last night. Army units had been ordered back to their barracks and Dr. Shapur Bakhtiar, the Prime Minister appointed by the Shah, had resigned after a weekend of unprecedented violence.

Tehran Radio reported rumours that Dr. Bakhtiar had committed suicide. There was no immediate confirmation of his fate, but the ring of confidence behind the Ayatollah's claim that "victory was at hand" sounded fully justified.

The Army's declaration of neutrality yesterday morning left Dr. Bakhtiar powerless in his attempt to maintain the "legitimate" Government of the Shah, who is in Morocco, against the popular resistance aroused by the religious leader.

The troops' withdrawal to their barracks followed nearly two days of fierce fighting, which, according to some reports, had degenerated into uncontrolled anarchy last night.

Even before Dr. Bakhtiar's resignation the Ayatollah's supporters triumphantly celebrated by firing guns, captured from troops or police or handed over by dissident servicemen, into the air. Fighting continued round the Military Academy and the Bagh-e-Shah Barracks, where loyalist troops refused to succumb to the revolutionary tide.

On the streets there was chaos. Last night the vacuum



"Popular militia" inspect a wrecked Army tank in Tehran.

left by the Army had not been fully filled by the Ayatollah's shadowy Islamic Revolutionary Council.

However, the Ayatollah addressed the people in a statement on television, which his followers control. He made a call for moderation and discipline.

The text read out by one of his aides said: "Now that victory is near, and that the Armed Forces have retreated and announced their lack of moderation and discipline.

"Make sure they do not attack foreign embassies and God forbid if the Army should return, for then it will be necessary to defend yourselves from them as best you can."

Ayatollah Khomeini told the people that the Armed Forces would be recognised as "being of the people" if they recognised his "legal Islamic Government."

Thus, only ten days after his return from long exile, the Ayatollah, round whom opposition to the Shah rallied, seemed to have swept all before him.

But it was not certain that vigorous monarchist elements in the Armed Forces, and particularly the elite Imperial Guard, would immediately concede him victory.

Pandemonium reigned round the Khomeini headquarters, a shabby Moslem schoolhouse in Tehran's poor southern side.

Cheering supporters drove up to the school in captured Army jeeps and armoured personnel carriers, packed with arms, ammunition and field radios.

Prisoners, who officials said were soldiers and agents of Savak, the Shah's secret police, were taken through a schoolyard jammed with thousands of captured weapons and imprisoned in a basement.

They were blindfolded and closely watched, but reporters did not see them ill-treated.

Top Khomeini aides displayed

General Mehdi Rahimi, the captured martial law chief, to reporters at a crowded news conference at the headquarters.

His face impassive most of the time, but occasionally smiling bitterly, General Rahimi said in response to reporter's

Continued on Back Page

and the effect on the world's economy Page 12

**Reports of world oil crisis alarmist says energy chief**

BY ROBERT MAUTHNER IN PARIS

REPORTS OF an impending world oil crisis are unduly alarmist and are causing unjustified panic, according to Dr. Ulf Lantzke, executive director of the 19-nation International Energy Agency.

Dr. Lantzke this weekend in Paris took issue with a reported statement by Royal Dutch-Shell last week that the cut in world oil supplies was as bad as that caused in 1973-74 by the Arab oil embargo.

UN ENVIRONMENT programme has been awarded a new £2.3m budget to carry on the fight against pollution in the Mediterranean. Seventeen of the 18 countries bordering the Mediterranean voted for the money which will be used to measure pollution levels and to study protection of fish breeding grounds.

CIVIL ENGINEERING industry hopes that this year's winter recession would be less severe than last year, according to the Federation of Civil Engineering Contractors. More than 300 companies feel they are in an even worse position than a year ago. Page 4

COMPANIES

GUTHRIE CORPORATION's revaluation of its assets at £23.2m was described as "ridiculous" by Sime Darby Holdings, the Malaysian plantations company and overseas traders which has mounted a 425p per share bid for Guthrie. Page 22 and 23

LLOYD'S LIFE ASSURANCE reports a successful year to September 30, 1978, with record sales of new life business. Premium income was 10 per cent up from £13.6m to £15.6m, investment income rising 30 per cent from £2.6m to £3.5m. Page 22

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Only last September, people were talking in terms of an oil glut in 1977 and 1978. "You cannot move from a glut to a crisis situation in such a short time."

If there was a glut, it must be assumed that additional possibilities existed for making up the loss.

The agency's figures show that stocks of crude and oil products in its member countries stand at 390m tonnes, marginally higher than the level assumed last January.

The overall drop in supplies today was less than 4 per cent, compared with 8.3 per cent in 1973-74, he said. A distorted picture of the world market was given by the large cuts in supplies announced by individual companies such as British Petroleum and Royal Dutch-Shell, who were involved in Iranian production.

"We do not think that there is any cause for panic," Dr. Lantzke said. Oil producers including Saudi Arabia were making up some 2m to 3m barrels a day of the 5m barrels

marginally higher than the level assumed last January.

The stocks correspond to about 120 days' net imports and 70 days' consumption. In most member countries, stocks were still above the official level of 70 days' imports.

Dr. Lantzke pointed out that production in Saudi Arabia, which was contributing substantially to compensating for the suspension of Iranian oil supplies, was 9.5m barrels a day, 1m barrels a day more than last year's production limits.

Otherwise, oil producers including Saudi Arabia were making up some 2m to 3m barrels a day of the 5m barrels

marginally higher than the level assumed last January.

By that time the agency's experts would have much additional information about international oil supply. In particular, figures for crude-oil flows in February would have come in.

Dr. Lantzke virtually rules out the possibility that, by the time

the strike call and voting was 2-to-1 against.

Today's meeting of stewards is expected to be stormy. Divisions have been exposed between plants and groups of workers.

Some union leaders see a risk of disintegration of the central negotiations seen by management as vital to reforming the company's industrial relations.

Workers at Jaguar, Rover and Triumph, the best-paid plants, have always been cool towards the idea of parity, the same wage for the same job.

Shop stewards from Cowley, Oxford, one of the low-paid plants, are expected to press for a campaign to wind up the present national joint negotiation committee. Pressure for local negotiations is strong.

The company would oppose such moves. Mr. Edwards emphasised in his letter that the company is not prepared to return to the jungle of plant bargaining on pay.

Mr. David Buckle, Oxford district secretary of the Transport and General Workers' Union, said last night that it was a mistake to interpret the strike.

The company reports that stocks with distributors "have never been better." Mr. Eric Varley, the Industry Secretary, has also urged a return to work and said that BL Cars is in no position to survive a long break in production.

No concessions to Longbridge strikers, Edwardes declares

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

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The following Tombstone announcements were published in the Financial Times during January.

## BONDS

	Publication date	Publication date	Publication date
Banque Extérieure d'Algérie	3/1/79	Sorrente	23/1/79
Y10,000,000,000		DM 20,000,000	Private Investment Company For Asia S.A.
7.7% Yen Bonds due 1988		61% Guaranteed Bonds due 1984	US\$30,000,000
Private placement		Private placement	Floating Rate Notes 1986
The Bank of Tokyo, Ltd. and The Nomura Securities Co. Ltd. and others		Westdeutsche Landesbank	Baring Brothers & Co. Ltd. and others
Nordiska	4/1/79	Norges Kringkunnsbank	Kingdom of Norway
Investoringsbanken		DM 150,000,000	23/1/79
DM 60,000,000		61% Bonds due 1989	\$150,000,000
81% DM Bonds of 1979/1988		Westdeutsche Landesbank	91% Notes due January 15 1984
Deutsche Bank Aktiengesellschaft and others		Girozentrale and others	Lehman Brothers Kuhn Loeb and others
Banque Nationale d'Algérie	9/1/79	European	The Industrial Bank of Japan
Swiss Francs 50,000,000		Investment Bank	23/1/79
Floating Rate Bonds 1978-88		Finance Co. N.V.	Finance Co. N.V.
Banque Gutwiler, Kurz & Guggenbier S.A. and others		Guaranteed Floating Rate Notes due 1983	\$50,000,000
Sonatrach	9/1/79	BBC Brown Boveri	Guaranteed Floating Rate Notes due 1985
US\$80,000,000		Finance Co. N.V.	80,000 41% Guaranteed Convertible Bonds due 1988
AMRO Bank N.V. and others		US\$84,000,000	Union Bank of Switzerland (Securities) Ltd.
DFIs 130,000,000		Private Placement	Morgan Stanley and Co.
AMRO Bank N.V.		Union Bank of Switzerland (Securities) Ltd.	The Industrial Bank of Japan
Morges Kringkunnsbank	9/1/79	Guaranteed Floating Rate Notes due 1983	23/1/79
DFIs 75,000,000		Investment Bank	Finance Co. N.V.
81% Bearer Bonds due 1984/1985		Guaranteed Floating Rate Notes due 1983	\$50,000,000
AMRO Bank N.V. and others		Guaranteed Floating Rate Notes due 1985	Guaranteed Floating Rate Notes due 1988
The Nippon Credit Bank (Curacao) N.V.	9/1/79	Guaranteed Floating Rate Notes due 1988	81% Bearer Bonds 1979/1987
Finex N.V.		Guaranteed Floating Rate Notes due 1988	Dresdner Bank and others
\$30,000,000		Guaranteed Floating Rate Notes due 1988	Kingdom of Denmark
Guaranteed Floating Rate Notes due 1985		Guaranteed Floating Rate Notes due 1988	DM 100,000,000
Morgan Stanley International Ltd. and others		Guaranteed Floating Rate Notes due 1988	51% Notes due 1985
Den Norske Industribank A/S	9/1/79	Guaranteed Floating Rate Notes due 1988	DM 100,000,000
\$50,000,000		Guaranteed Floating Rate Notes due 1988	61% Bonds due 1989
Guaranteed Notes		Guaranteed Floating Rate Notes due 1988	Westdeutsche Landesbank
Private Placement		Guaranteed Floating Rate Notes due 1988	Girozentrale and others
Kuhn Loeb Lehman Brothers Int. and others		Guaranteed Floating Rate Notes due 1988	Senatbank
European	9/1/79	Guaranteed Floating Rate Notes due 1988	US\$50,000,000
Investment Bank		Guaranteed Floating Rate Notes due 1988	Guaranteed Floating Rate Notes due 1988
DFIs 75,000,000		Guaranteed Floating Rate Notes due 1988	Elf Aquitaine
S/1% Bearer Notes due 1986		Guaranteed Floating Rate Notes due 1988	French Francs 150,000,000
AMRO Bank N.V.		Guaranteed Floating Rate Notes due 1988	91% Bonds due 1988
Export Development Corporation	10/1/79	Guaranteed Floating Rate Notes due 1988	Banque Nationale de Paris and others
US\$15,000,000		Guaranteed Floating Rate Notes due 1988	Other
9.85% Notes due 1984		Guaranteed Floating Rate Notes due 1988	Export
Salomon Brothers and Wood		Guaranteed Floating Rate Notes due 1988	Development Corp.
Grundy Incorporated		Guaranteed Floating Rate Notes due 1988	US\$150,000,000
Omron Tateisi Electronics Co.	10/1/79	Guaranteed Floating Rate Notes due 1988	91% Notes due January 15 1984
DM 50,000,000		Guaranteed Floating Rate Notes due 1988	Salomon Brothers and others
Convertible Bearer Bonds of 1982		Guaranteed Floating Rate Notes due 1988	
Berliner Handels-und Fräufurter Bank and others		Guaranteed Floating Rate Notes due 1988	
European	10/1/79	Guaranteed Floating Rate Notes due 1988	
Investment Bank		Guaranteed Floating Rate Notes due 1988	
DM 200,000,000		Guaranteed Floating Rate Notes due 1988	
81% DM Bearer Bonds of 1981		Guaranteed Floating Rate Notes due 1988	
Deutsche Bank Aktiengesellschaft and others		Guaranteed Floating Rate Notes due 1988	
BFG Finance Company B.V.	11/1/79	Guaranteed Floating Rate Notes due 1988	
US\$100,000,000		Guaranteed Floating Rate Notes due 1988	
Floating Rate Notes 1989		Guaranteed Floating Rate Notes due 1988	
European Banking Company Ltd. and others		Guaranteed Floating Rate Notes due 1988	

## LOANS

	Publication date	Publication date	Publication date
Singapore Airlines	15/12/78	Hidroeléctrica	10/1/79
US\$100,000,000		Espanola S.A.	Alimentaria
Medium-term Loan		US\$80,000,000	San Luis S.A.
National Westminster Bank		Medium-term loan	US\$16,500,000
Jugobanka	3/1/79	Manufacturers Hanover Ltd. and others	Term Loan
Udrzunica Banka		Electricite de France	Baring Brothers & Co. Ltd. and others
SD 20,000,000		US\$60,000,000	Alumina Espanola S.A.
Nine-Year Loan		10-year loan	US\$85,000,000
Loeb Rhoades, Hornblower and others		Credit Lyonnais and others	Medium-Term Loan
A. Ahlström	4/1/79	Autopistas del Mare	Banco de Bilbao S.A. and others
Osakayhi		Nostrum S.A.	The Hongkong Land Company Ltd.
US\$73,000,000		DFIs 100,000,000	HK\$500,000,000
Eurodollar Loan		10-year fixed-rate loan	Medium-Term Credit
Citicorp International Bank Ltd. and others		AMRO Bank N.V.	Citicorp International Group and others
Privebanka	4/1/79	The Sanko Steamship Co. Ltd.	Jung Ang Textile Industrial Company Limited
Zagreb		DM 80,000,000	US\$12,000,000
US\$16,000,000		Fixed Rate Loan Facility	Medium-Term Financing
Medium-term Loan		Berliner Handels-und Fräufurter Bank	Korea Associated Finance Ltd. and Merrill Lynch International Bank Ltd.
Nomura Europe N.V. and Creditanstalt-Bankverein		Pohang Iron & Steel Co. Ltd.	Nuclebras
Fugro Industries Inc.	8/1/79	US\$8,300,000	Term Loan
US\$20,000,000		Finance for Equipment for expansion of Integrated Steelworks	US\$75,000,000
Medium-term Loan		Lazard Brothers & Co. Ltd. and others	Term Loan
Chemical Bank Int. Group and others		Privredna Banka	Compagnie Luxembourgeoise de Dresden Bank AG and others
National Housing Authority	9/1/79	US\$12,300,000	Banca Credito Agrario Bresciano Italy
Y11,500,000,000		Medium-term Loan	US\$10,000,000
Medium-term Loan		The National Bank of Kuwait S.A.R.	5-year Floating Rate Loan
The Industrial Bank of Japan Ltd. and others		National	Bank of Montreal and others
Renfco	9/1/79	DFIs 50,000,000	Abu Dhabi Drilling Chemicals and Products Ltd.
US\$46,000,000		10-year multi-currency term loan	US\$14,000,000
10-year Floating Rate Loan		Union Bank of Switzerland (Securities) Ltd. and others	Medium-Term Loan Facility
Banco de Vizcaya S.A. and others		Jordan Fertilizer	National Bank of Abu Dhabi
Corporacion Venezolana de Fomento	9/1/79	Industry Co. Ltd.	Yacimientos Petroliferos Fiscales
US\$5,000,000		Project Financing Loans	US\$50,000,000
Autopista Vasco-Aragonesa, Cosestensionaria Espanola, S.A.		10-year Floating Rate Loan	12-Year Floating Rate Loan
Banco de Vizcaya S.A.		US\$50,000,000	DG Bank and others
Norges Kringkunnsbank	9/1/79	US\$10,000,000	Societas Finanziaria Siderurgica per Azioni Finisider S.P.A.
DFIs 150,000,000		7-year Floating Rate Loan	US\$25,000,000
Long-term financing		ACO S.A.	Seven-Year Floating Rate Loan
DFIs 75,000,000		US\$30,000,000	DG Bank and others
20-year loan		Medium-Term Loan	US\$30,000,000
DFIs 73,000,000		Dillon, Read & Co. Inc. and others	Medium-Term Loan
10-year fixed rate bank loan			
AlMRO Bank N.V.			
Commonwealth of Australia	10/1/79		
Y10,000,000,000			
10-year loan			
The Long-Term Credit Bank of Japan Ltd. and others			

## OTHERS

	Publication date	Publication date	Publication date
Petroleum Equipment Tools Co.	3/1/79	The Industrial Bank of Kuwait K.S.C.	15/1/79
700,000 Shares		Kuwaiti Dinars 6,000,000	International Commodity
Common Stock		Kuwaiti Dinars 3,000,000	Australis Limited
Smith Barney, Harris Upham & Co. and others		Floating Rate Certificates of Deposit due 1982	Trade Credit Facility
Corporacion de Mercados Agricolas	4/1/79	Kuwaiti Dinars 3,000,000	Westdeutsche Landesbank Girozentrale and others
US\$50,000,000		Floating Rate Certificates of Deposit due 1983	Central American Bank for Economic Integration
Short-Term Credit Facility		Kuwaiti Investment Company (S.A.K.)	25/1/79
Credit Agricole and others		Murco Petroleum Limited	Fixed and Floating Rate Loan Facility
Norsk Hydro		Lease Finance	Libra Bank Limited and others
Produktion A.S.		Citicorp International Group and others	Alberta Energy Co. Ltd.
US\$100,000,000		Saudi Food Supplies Corp. Ltd.	Revolving Credit Facility
Multi-currency Loan Facility		Supermarkets Corp. Ltd.	The Royal Bank of Canada and Canadian Imperial Bank of Commerce
The Chase Manhattan Bank N.A. and others		US\$25,000,000	The Royal Bank of Canada
WTC Hotel Associates	5/1/79	Loan Guarantee Facility	\$75,000,000
\$7,000,000		Banque Arabe et Internationale d'Investissement	10.40% Debentures
Equity Securities			Wood Gundy Ltd. and others
Private Placement			
Warburg Paribas Becker Inc.			
Ing. C. Olivetti & C. S.p.A.	15/1/79		
US\$100,000,000			
8-year Credit Facility			
Commonwealth Bank of Australia and others			

## OVERSEAS NEWS

### THE CRISIS IN IRAN

BY SIMON HENDERSON IN TEHRAN AND OUR FOREIGN STAFF IN LONDON

IT IS PREMATURE to say whether the Iranian Imperial Armed Forces have acquiesced in the triumph of the popular revolution inspired by Ayatollah Khomeini. Yesterday's order by General Abbas Karim Gharaibagi, Chief of the Supreme Commander's Staff, telling all troops to return to their barracks came before the resignation of Dr. Shahpour Bakhtiar, the "official" Prime Minister.

be qualified. This is that the loyalty to the Peacock Throne of the Armed Forces whose commanders, some observers believe, have been taking orders from the Shah is unbreakable.

Certainly, as far as the higher echelons of the military are concerned the generalisation is true. In terms of personnel, control and communications it is designed to be incapable of mounting a coup or in any other way undermining the Shah.

Every officer above the rank of colonel was personally appointed by the Shah and they were a pampered, privileged class. But as Supreme Commander the "King of Kings" took no risks despite the close bonds nurtured individually with the senior brass. The different commanders reported to him directly. Any meeting between more than two generals had to be permitted by the Shah. No less than four integral intel-

ligence services—watching each other as well as the various units—communicated directly with the throne in an atmosphere of mutual suspicion. Despite these elaborate precautions, there seems to be a loyalty to the Shah and, conversely, opposition to any regime arising with the blessing of Ayatollah Khomeini.

He spelled them out as follows:

• The Imperial Armed Forces should refrain from interfering in political affairs with the proviso that they should show the necessary degree of awareness concerning the fundamental elements of national strategy.

• They should support the Constitution and the lawful Government, while defending the country's integrity and independence.

• The military should safeguard its own "monolithic unity."

## WORLD TRADE NEWS

# Japan 'weakens efforts to cut trade surplus'

BY DAVID BUCHAN IN WASHINGTON

JAPAN'S public commitment to scale down its current account surplus with its foreign partners, made under the previous Fukuda government, appears to have weakened. U.S. officials feel after their first high level economic talks last week with representatives from the new Premier, Mr. Masayoshi Ohira.

The talks were between Mr. Takeshi Yasukawa, who is in charge of Japanese external economic policy, and Mr. Michael Blumenthal, U.S. Treasury Secretary. The talks were not aimed at reaching firm agreements, it was said because Mr. Ohira was too newly in the saddle.

But U.S. officials detected some backsliding they said in Japanese awareness that trade and current account deficits of the size that Japan is running, and looks likely to run for several years, are a threat to the international money system—particularly strains between the dollar and the yen—and to the liberal trading system. Calls in Congress for a surcharge or

fixed quotas on Japanese imports have increased.

Mr. Yasukawa is reported to have argued that Japan could go on running current account surpluses (on goods and services), provided this was offset by capital flows out of Japan.

This is a tougher position than that taken by the Fukuda Government, U.S. officials say, and ignores the fact that the money flowing out of Japan is less in the form of long term investment and more in bank loans.

The potential for trade with China is much less than many people believe, the Department said.

Predictions that China could import as much as \$200bn from Western nations by 1985 are unrealistic, primarily because China will lack the resources to pay for them, it added.

Even under the most favourable circumstances, it said the U.S. could expect to sell China \$12bn to \$15bn in goods in the 1978-85 period, or about 10 per cent of China's hard currency imports. China's imports from the West last year totalled \$8.5bn and it exported \$8.2bn.

## \$2.5bn orders for U.S. aerospace

BY MICHAEL DONNE

THE U.S. aerospace industry over the past week has won new orders worth more than \$2.5bn for airliners, guided weapons and space vehicles.

The biggest contract, for \$1.9bn (nearly £1bn) was won by Rockwell International of California from the National Aeronautics and Space Administration to build four "Space Shuttle" aircraft, for the next U.S. manned spaceflight venture.

This is to develop a manned space transport system for the 1980s, whereby satellites and other payloads can be carried into earth orbit by a manned vehicle which will return to earth after each mission, for refurbishing for later missions.

The new contract is an extension of the original Space Shuttle deal won by Rockwell in 1972, for the design, development and testing of two Shuttle spacecraft and a structural test spacecraft.

Boeing Aerospace, part of the Boeing group, has won a \$250m contract from the

Defence Department to develop the Air-Launched Cruise Missile (ALCM).

This is a small, subsonic, unmanned missile, designed to be launched from B-52 bomber aircraft and then to fly long distances to targets deep within enemy territory.

It will be part of a competitive study by the Defence Department, which has also awarded a similar contract to General Dynamics for development of an air-launched version of its sea-launched cruise missile.

Our Rio de Janeiro correspondent adds: Varig, Brazil's national airline which with its associate, Cruzeiro do Sul, carries 45 per cent of domestic flight passengers, is negotiating purchase of five McDonnell Douglas DC-10s.

Meanwhile, Qantas of Australia has ordered two more Boeing 747s, bringing its fleet to 19, the airline's chairman, Sir Lenox Hewitt, has announced. The aircraft, with spares, are worth more than \$60m.

McDonnell Douglas Corporation has won orders worth \$173m—from Continental Airlines of the U.S. for two DC-10-30 trijet airliners, worth about \$100m, with an option on two more, and from Aeromexico for six DC-9-30 twin-jet airliners, worth about \$72m.

Lockheed of California has won a \$50m order for one TriStar trijet, with an option on two more, from Trans Carib Air, a U.S. airline.

The Trans-Carib deal will bring business worth \$25m to Rolls-Royce, whose RB211 engines will power all three aircraft.

A "fly-off" competition will be held this summer, and on the outcome of this, a final production contract for cruise missiles will be awarded.

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McDonnell Douglas Corporation has won orders worth

## Fokker seeks partners for Super F-28

BY MICHAEL DONNE

FOKKER OF Holland, which is planning a new, short-haul twin-engined airliner, the Super F-28, to seat between 115 and 130 passengers, is to seek international partners for the programme.

The company says that it has begun talks with companies in the UK, the US, France, Italy, Sweden and West Germany, to find risk-sharing partners for the new venture.

The talks in the U.S. have revealed "considerable interest". Among companies approached were Boeing and Lockheed. No firm decisions have yet been taken.

Fokker also says that it hopes to be able to collaborate with companies in Japan. Mr. F. Swarttouw, president and chairman of Fokker, will visit Japan soon for preliminary talks.

## UK surplus tops £416m

BY OUR AEROSPACE CORRESPONDENT

THE UK earned a payment surplus of over £416m on its aerospace industry account last year, with exports of £1.17bn against imports of nearly £754m.

Figures issued by the Society of British Aerospace Companies show that exports of aircraft and parts amounted to £283m, while imports of engines amounted to £278m.

## World Economic Indicators

	RETAIL PRICES			% change over previous year	Index base year	
	Jan. '79	Dec. '78	Nov. '78	Jan. '78		
W. Germany	147.1	146.1	145.5	143.4	2.6	1970=100
Italy	139.5	138.5	137.3	124.7	11.9	1976=100
Holland	122.5	122.6	122.6	117.9	3.9	1975=100
U.K.	204.2	202.5	201.1	188.4	8.4	1974=100
France	207.8	206.8	205.7	189.4	9.7	1970=100
Belgium	130.1	129.5	129.1	125.3	3.8	1975=100
U.S.	202.9	202.0	200.9	186.1	9.0	1967=100
Japan	123.5	124.8	124.6	119.4	3.6	1975=100

## Tandbergs Radio Manufacturers' Bankruptcy Estate

It is hereby announced:

The assets of the bankrupt Tandberg Radio Manufacturers Co. are to be liquidated.

The estate is now being handled by the council for the estate, and will soon be ready for sale.

The assets consist of factory, warehouse and office buildings (5 in all) in the Oslo area, as well as production equipment for radio, television, loudspeaker, stereo, educational aids and data equipment.

The estate owns shares in sales companies in the U.S.A., Great Britain, West Germany, France, Holland, Belgium, Austria, Denmark, Sweden and Finland.

Contact by letter or telex:

F. M. Bugge, Court Attorney Supreme Law Firm

Bugge, Arentz-Hansen & Rasmussen

Akersgaten 35

OSLO 1—NORWAY

Telex: 19118

## UK firms in talks on \$2bn Cairo sewage plan

BY ROGER MATTHEWS IN CAIRO

REPRESENTATIVES FROM a group of British companies have left Egypt after four days of talks with senior officials on the up to \$2bn scheme to renovate and renew Cairo's failing sewage system.

The initial, top-priority plan, designed to remove the threat of more widespread sewage flooding and provide a limited amount of spare capacity, will cost about \$800m. Britain has already promised a grant of £50m towards the work and the U.S. Agency for International Development has followed this with a pledge of another \$100m.

The loosely-knit British consortium of merchant bankers Samuel Montagu, the Midland Bank, GEC, Amex Crosta Babcock, and Edmund Nutall, is keen to see work get under way as swiftly as possible. Consultants John Taylor and Sons and Binnie and Partners worked in their six-volume report officially presented to the Egyptian Government last autumn of the "potentially explosive" danger of epidemics breaking out in the capital unless urgent action was taken.

Taylor Binnie is expected shortly to form a joint venture with Brazilian subsidiaries of Volkswagen, Ford, General Motors, Fiat and Mercedes-Benz (tories of bus chassis, not cars) expects to sell 110,000 units abroad, with a 25 to 30 per cent rise in foreign earnings.

Increased foreign sales will help to absorb the impact of the Brazilian Government's new determination to discourage petrol consumption and purchase of cars. This was put into effect by a 15 per cent increase in the price of petrol last week, and a reduction in the number of hire purchase instalments allowed.

The authorities have taken steps to lessen petrol and diesel oil consumption. This is because Brazil faces an annual import

## Motor sales provide major boost for French exports

BY TERRY DODSWORTH IN PARIS

FRANCE'S MOTOR industry demonstrated its importance to the country's foreign trade position once again last year by increasing overseas sales by 13.4 per cent to account for almost 14 per cent of total French exports.

The figures, produced by the Manufacturers' Association underline the industry's claim that it remains one of the "main supports" of France's external trade. Preliminary Government statistics show the country's exports reached about Frs 358bn (\$83.3bn) last year with agricultural sales overseas coming close to the motor industry figure at

around Frs 50bn.

Among the main points in the year's trading, which covers both vehicle and component companies, are:

• Exports rose to Frs 45bn (\$11.2bn), of which Frs 30bn worth were vehicles alone.

• Impairs went up rather more slowly than exports, by 11.5 per cent to reach Frs 24bn.

• The favourable trading balance for the industry was about Frs 24bn, up by 15.3 per cent compared with the previous year.

• The automotive surplus compensated for about half of the country's oil bill, which reached Frs 54.1bn in 1978.

Comparisons since the beginning of this decade show that the favourable balance on trade has doubled in real terms during the last nine years. In constant francs, the balance reached Frs 6bn in 1970, to rise to Frs 12bn last year.

These results have been achieved by means of a much faster rate of growth than experienced over the full range of French manufacturing industry. Vehicle production has grown by an average of 8.1 per cent a year since 1970, against an average industrial growth rate of 3.9 per cent.

The shortfall in production in the Gulf, however, has again had a stimulating effect on oil trades elsewhere. There was a rise in demand for smaller oil tankers last week, but rates did not reflect the upturn and there were signs that the recent depression in the oil tanker chartering market was affecting all owners.

The freight rates for very large crude carriers operating out of the Gulf fell back last week to below the levels of late May, when rates fell to World Scale 20.

A number of large vessels now waiting at the Gulf will either have to continue waiting or will have to accept loss-making rates to enable them to return home for lay up.

The tanker market in Indonesia was active with a number of tankers destined for Japan and the west coast of the U.S.

The demand for tonnage loading in West Africa remained steady, with rates at approximately World Scale 8.

There was also activity in the Mediterranean, but rates fell back on the previous week's levels.

## Israel gem thefts

The Israeli diamond industry, the country's biggest foreign exchange earner, is reeling from police disclosures of unprecedeted thefts involving up to \$250m worth of gems.

Police have so far brought 24 suspects to court, five of them members of Israel's diamond exchange. Reuters

PHILIPS

## ENTER THE PHILIPS VIDEO AGE COMPETITION.

Rent or buy any new Philips TV or VCR between 1st February and 31st March and you can enter the Video Age Competition.

The prizes, shown here, are probably the most advanced ever offered in a competition.

And we're giving away 2 complete sets of prizes, one in our February competition and one in our March competition. That's a grand total of over £170,000 of prizes!

Rent or buy a new Philips TV or VCR and you can enter the Video Age today.

Here's your entry form. The rest is up to you.

### HOW TO ENTER THE VIDEO AGE.

It's easy. Simply study the five "Video Age" questions below and decide which of the three answers to each is correct. Enter the answers in the boxes provided.

Then just complete the unfinished sentence in no more than 10 words and you're almost there.

Now all you have to do is fill in the rest of the entry form—your name and address, the name of your Philips dealer and the date on which you purchased or rented your new Philips TV or VCR.

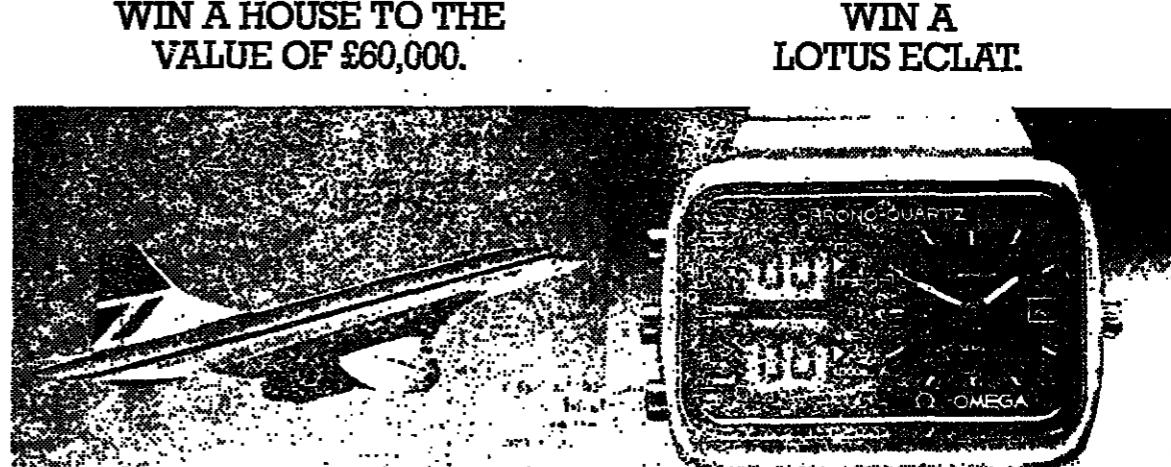
We also need the model number and serial number of your new set. It's printed clearly on the back of the set, but if in doubt ask your Philips dealer.

Completed entry forms should be posted to: Philips Video Age Competition, P.O. Box 3, Horley, Surrey RH6 9SR.

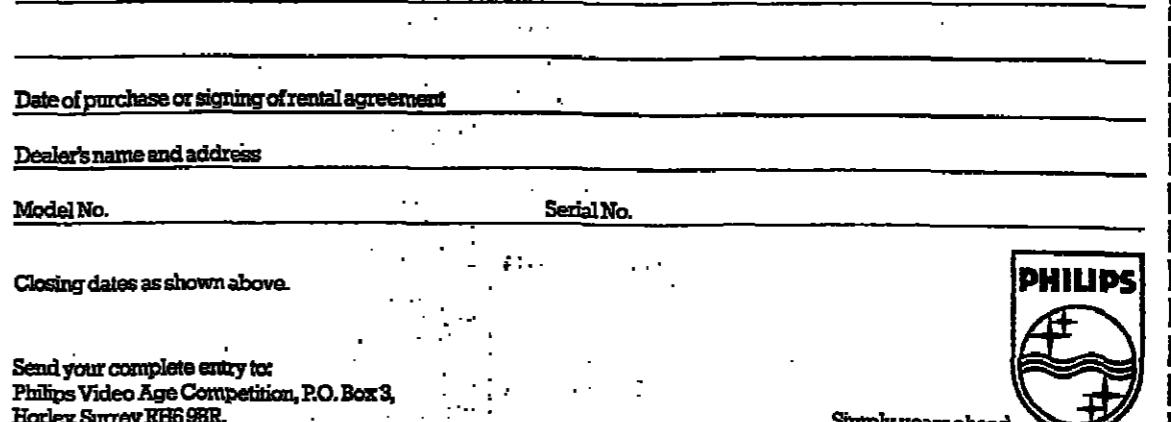
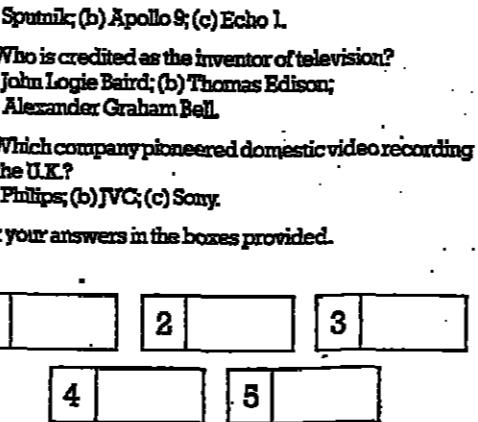
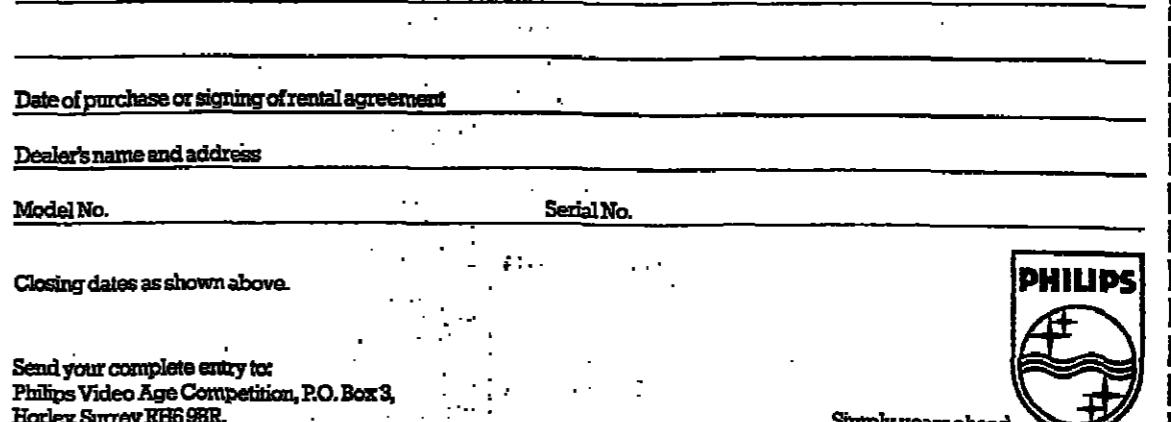
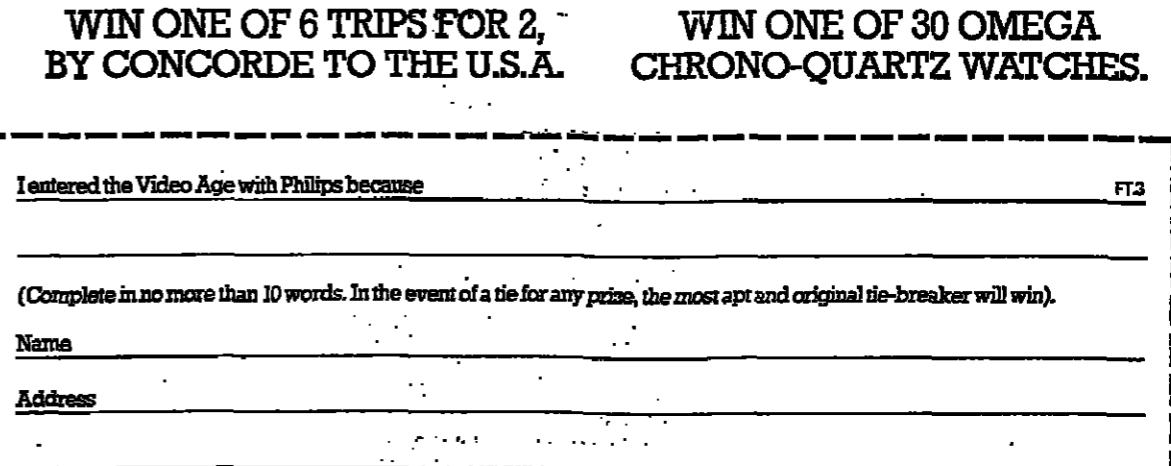
There are two closing dates for entries. If you rent or purchase in February, entries must be received on or before last post on 15th March. For the March competition the closing date is 17th April 1979.

A complete set of rules is available on application from the Philips Video Age competition address.

WIN A HOUSE TO THE VALUE OF £60,000.



WIN ONE OF 30 OMEGA CHRONO-QUARTZ WATCHES.



Simply years ahead

</

## UK NEWS

## LABOUR

# £100m backing for Prestel service

BY MAX WILKINSON

THE POST OFFICE plans to invest up to £100m over the next five years in Prestel, its new electronic information service.

It is to set up a national network of computer centres from which the public can obtain information, ranging from rail and air timetables to business statistics, general advice and quizzes, using a modified television set linked to the telephone.

The plans include a large central "information warehouse" to support local computer systems.

The Post Office has decided to invest rapidly in the service in the hope of creating a mass market as quickly as possible. Trials with the system have led to the conclusion that it can only be viable economically when its users are measurable in hundreds of thousands.

Dr. Alex Reid, head of

Prestel, believes that the service will become most profitable when it has about a million viewers and a million "pages" of information, although it will be viable when smaller. If the service gains wide public acceptance it might achieve a turnover of about £100m by the mid-1980s.

Achieving high volume for the service will depend on pricing policies adopted by manufacturers of the modified television sets. Prestel sets cost more than £1,000, but were demand high enough, the cost might be reduced to between £50 and £100 in addition to the price of a remote-control set.

In the first year or two, most users are expected to be businesses, but eventually many homes might use the service for reference, entertainment, general information and mail-order shopping.

## Civil engineering has bad winter

BY MAURICE SAMUELSON

HOPES THAT the winter recession in the civil engineering industry would be less severe this year have been dashed, says the Federation of Civil Engineering Contractors.

A survey of more than 300 companies' performance in the past three months showed that many felt they were in an even worse position than a year ago. The level of invitations to tender had dipped, and there was no improvement in order books.

Worst-hit areas were South Wales, Scotland and Yorkshire.

## Replacement of steel scrap wagons urged

BY ROY HODSON

THE Department of Industry has been asked to find a solution to a £40m problem facing the steel industry and British Rail of replacing the railways' scrap steel wagon fleet, which is wearing out.

British Rail, the British Steel Corporation, and members of the British Scrap Federation are none of them anxious to invest in new rolling stock.

The federation has asked the Department of Industry to intervene by delaying the phasing-out of the old wagons, being scrapped at a rate of 3,000 a year, to secure an agreement with British Steel to improve the utilisation rate of wagons; and to provide a Government grant towards the capital cost of the new wagon fleet.

## Malaysia air services talks break up

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TALKS BETWEEN the UK and flights to resume to Singapore through Malaysian airspace.

Mr. Hamzah Majid, director-general of Malaysia's Civil Aviation Department, who headed the Malaysian team at the talks, said that his country's view that MAS had reached the point where it needed more services was not accepted by the UK.

The two sides were unable to agree on capacity requirements after studying statistics. He described the outcome as "disappointing." A date for a further meeting has not been fixed.

## 'Restricted fiscal policy needed,' says Godley

BY DAVID FREUD

IT IS difficult to see how restrictive monetary and fiscal policies can now be avoided in the UK, according to Mr. Wynne Godley, director of the Department of Applied Economics at Cambridge.

Writing in City stockbrokers' Vickers da Costa's latest economic circular, Mr. Godley says the Government has established very firmly in the public mind the crucial importance of keeping the public sector borrowing requirement at about £8.5bn this financial year, and of preventing the money stock from rising above the 8.2 per cent range.

These targets, particularly the former, will be very difficult to achieve without restrictive fiscal and monetary policies in the light of the present pay pressure, he says.

"It is very difficult to see, in view of the stated policies of both the main parties and of the expectations now held by markets and commentators, how

such restrictive policies can now be avoided."

Mr. Godley doubts whether further restriction of this kind will result in less cost and price inflation and adds: "I have never understood what mechanism is supposed to bring this about."

The prospect of further general recession and still higher unemployment will in no way weaken the resolve of the groups which feel themselves to be relatively out of line, he says.

"It is possible that, if fiscal and monetary restriction were of such severity that sterling were to appreciate, then some small and probably short-lived mitigation of inflation might occur through the effect on import prices. But this degree of restriction is to be avoided; for the industrial recession would get a further twist from the loss of competitive power in world markets."

## Post Office ponders new phone technology

By John Lloyd

THE POST OFFICE is looking for a replacement microphone for the country's 23m telephone sets.

The device used now, known as the carbon granule microphone, has been manufactured to a design largely unchanged since the invention of the telephone.

There are now two major possibilities, claimed to be cheaper and more reliable, for replacement: the semiconductor-based electret microphone and the piezo-electric film microphone.

The four main suppliers of handsets to the Post Office, the General Electric Company, Plessey, Standard Telephone and Cable, and Pye, all possess technology of this general type.

The corporation is also examining an electret-type device made by the Swedish company Rifa, a subsidiary of the telecommunications company L. M. Ericsson.

Although the chief advantages claimed for the new devices are greater reliability, and thus lower maintenance costs, the carbon granule microphones are both very cheap and can give a stronger signal than the modern alternatives.

A further problem, not yet solved, is compatibility between the new technology and the old. Since the carbon granule microphones would be replaced progressively, the replacement microphones would be required to co-exist with them for some years.

## Insurance law 'favours companies'

LEGISLATION ON the way in which insurance claims are met is weighted too heavily in favour of insurance companies, the Law Commission says in a working paper.

A fairer balance between insurer and insured should be struck, while enabling insurers to continue to offer the same range of services.

The commission suggests reforms and invites comments on its proposals.

It suggests that the person who wants insurance should have to tell the insurer what a reasonable person might consider important.

Present law dictates that when someone applies for insurance he must tell the insurer "everything which the insurer might consider important."

## £2m sea wall

A SEA WALL costing nearly £2m is planned for the north beach at Heacham, Norfolk, subject to approval by the Ministry of Agriculture.

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Mr. Killefitter, who was expelled from the Official Unionist group at Westminster

in October, 1974.

He is expected to announce plans to fight the next General Election as an independent Unionist. He fought the February, 1974, election under the same label, after failing to and convincingly defeated the official candidate.

He was then readopted as the party candidate in October, 1974.

## Thatcher promises law against union power abuse

By PHILIP RAWSTORNE

THE NEXT Conservative Government will legislate to curb abuses of trade union power and will seek no-strike agreements with workers in essential public services, Mrs. Margaret Thatcher, Leader of the Opposition, declared at the weekend.

Users pressing a button on their set will thereby dial the Post Office computer. Pages are selected by pressing buttons on a key pad rather like a pocket calculator. Users pay a local telephone charge and a small charge for viewing each page.

Local computer centres will all carry identical information used in the most commonly sought pages. The information warehouse will be used for pages required more rarely.

The system is being exported to several countries, West Germany so far the largest. The Post Office hopes that it will bring in foreign earnings of perhaps £1m a year.

There are enough people in this country resolved to keep it going and determined not to yield to bullying, enough to stave off this kind of national disaster if it ever threatened.

Mr. James Prior, Tory spokesman, said for recognition that the law had genuinely approved by a majority of workers, balloting secretly.

"It means bargaining which is not supported by intimidation on picket lines.

"It means bargaining which does not derive its force from the threat that any worker who refuses to go along with the instruction of his shop steward may lose his job."

If, after reform, groups of workers were still resolved to hold the country to ransom, it was clear that in a very few essential industries and services the right to pursue industrial

The best way to help the lower paid was through lower taxes, public spending cuts, and encouragement of initiative and enterprise.

• Mr. Harold Macmillan, 85 on Saturday, was given a rousing, foot-stamping, five-minute standing ovation when he made the closing speech at the conference.

## Pym seeks observers for Rhodesia poll

By PHILIP RAWSTORNE

MR. FRANCIS PYM, Tory spokesman on foreign affairs, has called on the Government to send observers to the Rhodesian elections in April.

In Cambridge at the weekend, Mr. Pym said the Government should take a fresh initiative "to enable the test of acceptability (of the internal settlement) to take place in circumstances that are as favourable as possible."

If the Government refused to do so, it would suggest that it wanted to discredit the election, he said.

The Conservatives, who would send their own observers, wanted to ensure that the elections could not be challenged later by claims that they had not been a fair test of acceptability.

If the result confirmed majority support for the inter-

nal settlement, Rhodesia should be restored to legality, granted international recognition and sanctions lifted.

• Mr. Pym today emerges top of a poll of Conservative MPs for places in Mrs. Thatcher's first Cabinet.

The ballot of Tory back-benchers—in which only a third returned votes—was organised by Crossbow, the Bow Group's magazine.

Sir Geoffrey Howe takes second place, with the deputy leader, Mr. William Whitelaw, third.

Marked support is given for the recall of Mr. Peter Walker, former Industry Minister, who has been excluded from the Shadow Cabinet.

But Mr. Edward Heath is well down the list; and Mrs. Sally Oppenheim, spokesman on prices, receives only two votes.

## MP will quit Official Unionists over Powell

MR. JAMES KILLEFITTER, MP for North Down, is to resign from the Official Unionist Party in protest against Mr. Enoch Powell's influence on its leadership, writes Philip Rawstorne.

He said yesterday that Mr. Harry West, the party leader, was allowing Mr. Powell "to lead the party by the nose" towards total integration of Northern Ireland in the UK.

He described the outcome as "disappointing." A date for a further meeting has not been fixed.

## Insurance law 'favours companies'

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He is expected to announce plans to fight the next General Election as an independent Unionist. He fought the February, 1974, election under the same label, after failing to and convincingly defeated the official candidate.

He was then readopted as the party candidate in October, 1974.

The move is to be a necessary development after the reduction in the company's ship fleet, which stands at 34 vessels, and

the completion of the greater part of the group's re-equipment programme.

Part of the group's liner trade activities operate away from the company's Liverpool headquarters and this has contributed to the need for change.

The ship's agency companies, apart from Ocean Shipping Agencies and the West African Agencies, will become part of Ocean Cory as soon as possible.

Ships within the various existing divisions will continue to operate under their own identities.

The principal argument was that "no-one can take any credit for our current methods of resolving these problems, neither is it possible to look upon their yearly repetition without fearing the consequences."

Its findings, Reuter reported, would be passed to the International Trade Commission for further investigation to see if the shipments, totalling 83,000 tons, damaged the domestic industry.

Managers urge review of laws on picketing

BRITAIN'S managers called yesterday for a review of the laws on picketing, and for a code of practice to be drawn up.

A submission to the Department of Employment by the British Institute of Management calls for a review of existing civil legislation: tightening up on the immunities now available to pickets; and a code of practice on picketing to be drawn up jointly by the Government.

A majority of members consider that while a strengthening of criminal law may not be necessary, a review of the civil law should be undertaken, and if necessary, it should be amended.

University teachers seek 28% rise

A 28 PER CENT pay increase is being sought by the National Association of Teachers in Further and Higher Education, representing 70,000 further education lecturers. The claim will be put to the Burnham

## Coggan invited to discuss strikes

BY LISA WOOD

.

TIMES NEWSPAPERS' employees' representatives welcomed discussion at the weekend on a proposal by Mr. Anthony Wedgewood Benn, Energy Secretary, that the BBC should take over the Times.

Mr. Fisher, whose 700,000

members are involved in all four public sector disputes,

said: "Our members who daily

struggle to provide care in an

uncaring society know that they

had to take action in order to

make people listen to their

legitimate case."

The Archbishop gave a warning yesterday that society was in danger of destroying itself by selfishness and ruthlessness.

Speaking on a BBC radio programme in which Mr. Benn was interviewed, Mr. Rees-Mogg declared that he would not edit the newspaper if it was owned by the BBC.

He said: "This proposal is totally irrelevant. The Times is not for sale." The BBC could not help, as the issue was productivity.

Dr. Donald Coggan, speaking at the centenary service of St. John the Baptist, Folkestone, told the congregation of about 400: "What we all need, employers, employees, all of us, is a change of heart and mind — what Christians call

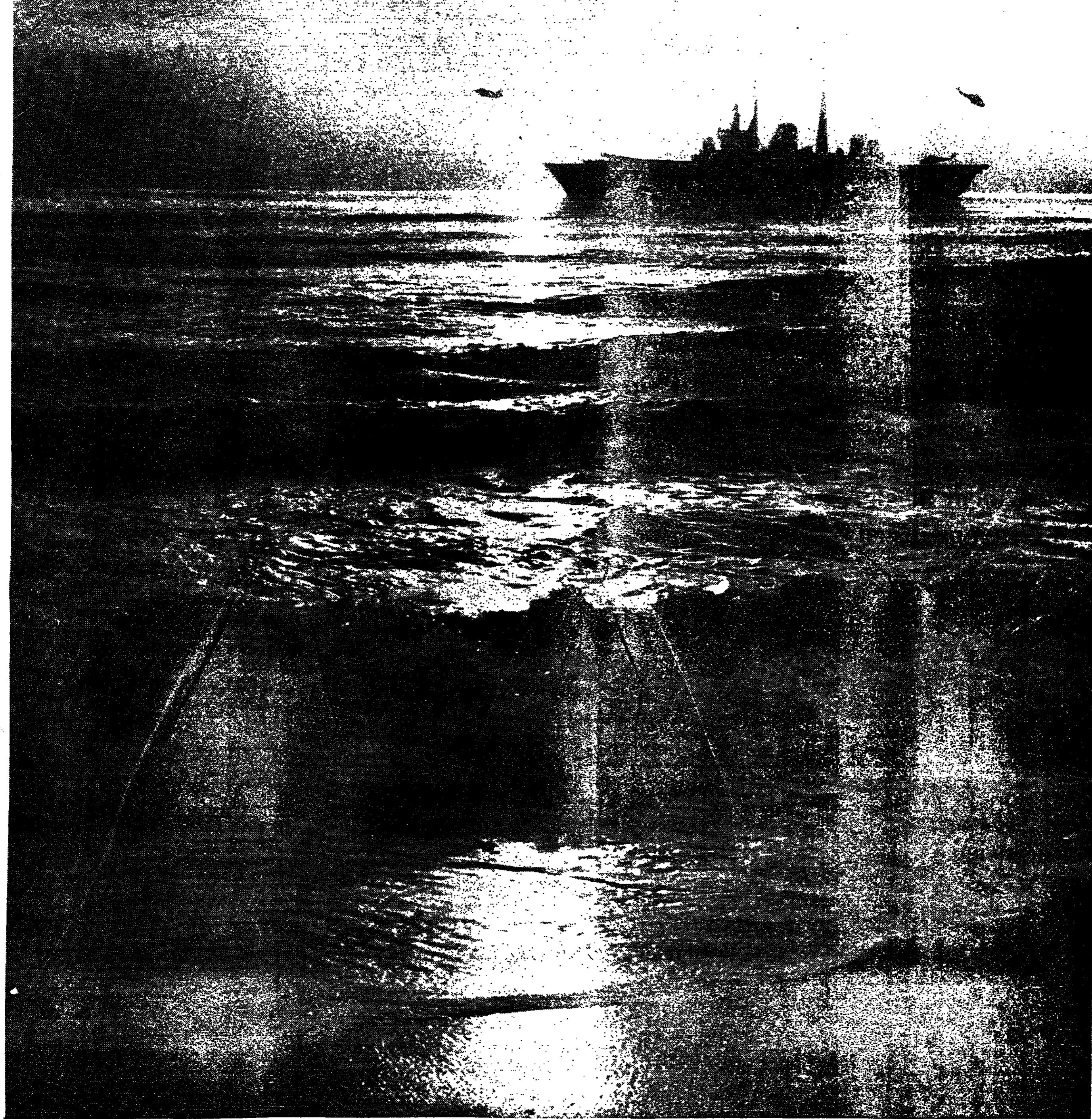
repentance."

He said: "Suppose you have a people whose master passion is to grab and not to give. Suppose you have a people who are heedless of mercy and of restraint and of sacrifice."

Suppose you have that: then disaster lies ahead for that people and the seeds of death are in it."

Dr. Coggan said that the forces of selfishness were rampant.</p

# HEART OF POLYESTER ARE OUR SHIPS...



Does it seem far-fetched that the great navies and merchant fleets of the world will one day be moulded in plastics?

Yet parts of them are today. Smaller craft, it's true, such as minehunters, work boats and submersibles. Yet there they are, hulls and superstructures sailing the seas, rivers and harbours of the world, moulded with the help of Cellobond polyester resins, specially developed by BP Chemicals.



Next—a through-deck cruiser like

this in plastics? What seems incredible today may be only just over the horizon.

BP Chemicals are always working at the frontiers of technology, researching new applications for our products and making them work. If the admiralties of the world decided to move from steel to reinforced plastics, many of the hulls launched would be built with the help of BP Chemicals.

BP Chemicals are one of the

founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply. This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

**BP chemicals**—making it all happen

# Technical Page

Edited by ARTHUR BENNETT AND TED SCHOETERS

## Quality Control

### Measures Surface hardness

CONTINUOUS measurement of surface hardness is possible with the Conti-Testor developed in Germany by Otto Wolpert-Werke and to be shown for the first time at *Inspec '79*, which opens at the National Exhibition Centre, Birmingham, on April 3.

Intended to measure and to record the distribution of hardness over the surface of the specimen, the unit has a diamond indenter which is forced and drawn along a line across the surface.

Travelling at a speed of 1mm/sec, the indenter produces a shallow groove, the depth of which varies according to hardness. Depth of penetration is continuously monitored to produce a varying electrical signal. An electronic console processes the signal, and its output is used to drive a chart recorder, with one axis calibrated in Vickers hardness numbers.

Conventional practice is to make a series of separate indentations, all of which are assessed and recorded individually before being entered on a chart showing hardness distribution. In comparison, the continuous method is extremely quick: also the distribution chart is available immediately. Another

advantage of the new test is its completeness. Separate indentations must be spaced apart to prevent one from affecting another, so the intervening space is unchecked.

Maximum testing length is 40mm. To avoid the effects of surface roughness, the indenter without load is traversed over the prepared surface before the test is performed along the same path. By tracing a series of lines over the surface, a survey of hardness over the area can be obtained.

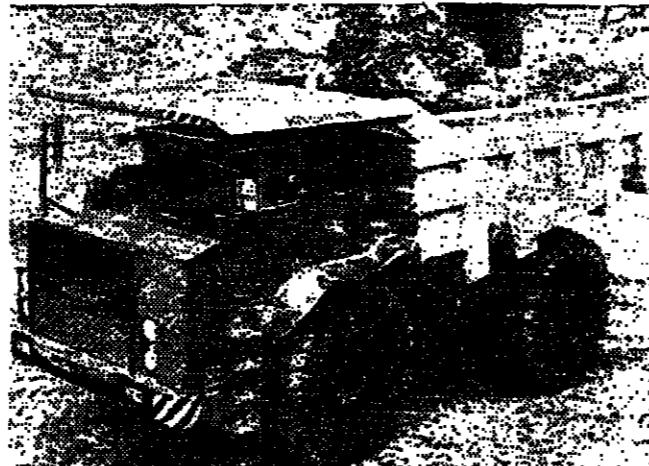
Hahn and Kolb, Leicester Road, Rugby, Warwickshire CV21 1NY (0783 74261).

## PRINTING

### Produces and prints labels

INCREASING use of self-adhesive plastic labels and the demand for these labels to be on rolls for automatic applicators has led Fabprint, a British company known for its range of fabric label machines, to develop a web-fed printing machine.

Fabprint Universal 4530 automatically positions second and subsequent colours relative to the first. Screen printing is used in order to apply the large volume of ink required for good definition and depth of colour.



With a payload of 40.5 tonnes, this Swedish-built Kockums 445 dump truck has all-round air-suspension and a flat weight of under 30 tonnes. The full load can be tipped in under 12 seconds. Power is from a 510 hp Detroit diesel turbocharged two-stroke engine which gives a top speed of just under 45 mph. Standard is an Allison power shift for six forward and one reverse gears. Thomas Ward, Construction Equipment Division, Albion Works, Sheffield S4 7UL; 0742 26811.

## FINISHING

### Electroplating materials

FOUR NEWLY formulated materials for the electroplating industry have been released by W. Canning Materials, Great Hampton Street, Birmingham B18 6AS (021-236 8621).

Eurozinc 2 is a non-cyanide bright zinc plating solution for both rack and barrel applications.

While providing a good bright zinc deposit, the material simplifies the treatment of rinses and the plating and cutting sections operated independently.

Fabprint Equipment Sales, 11, Orchard Park, Holmer Green, High Wycombe, HP13 3SL.

## PROCESSES

### Control of effluent

FIRST INSTALLATION in the UK of a new design of closed loop effluent plant is at David Brown Tractors.

It is helping the company to proceed with expansion of its sheet metal pretreatment plant, says designer Pyrene Chemical Services, Ridgeway, Iver, Bucks, SL0 0JZ (0753-651812).

Working on the closed loop principle, the system is called Cyclopond and is said to guarantee reduced water usage and complete control over effluent discharge.

Since installation, the tractor manufacturer has found that over 90 per cent of pre-treatment plant water is being re-used.

The complete set of documents may be obtained directly from the purchasing department office of IRHE located in the Poli Building, 2nd floor, Justo Arosemena Avenue, or by fax at 01-538-7940.

ADVANCE NOTICE OF INVITATION TO BID NO. 538-79 FOR DESIGNING, MANUFACTURING SUPPLYING, AND INSTALLING 230KV OIL FILLED SELF-CONTAINED CABLE FOR MAIN TRANSFORMER LEADS TO SWITCHYARD

The Instituto de Recursos Hidráulicos y Electricidad (IREH) located at Poli Building, at Justo Arosemena Ave.

and 27 East Street in Panama City, Republic of Panama, announces its intention to open bids for designing, manufacturing, supplying and installing 230KV oil filled self-contained cable for main transformer leads to switchyard.

The tentative date for availability of bid documents is the first day of March 1979. Bid opening date is planned for three months after availability date for bid documents. The exact date and hour and place for opening of proposals will be communicated at the time of delivery of bid documents.

IRHE has received the loan PAN-170 from the International Bank for Reconstruction and Development (World Bank) in various currencies equivalent to 42 million U.S. dollars towards the foreign cost of the Fortuna Project. It is intended that proceeds of this loan be applied to payments for foreign costs under the contract for which this advance notice of invitation to bid is issued. These foreign costs will be eligible for disbursements from the loan in the currency of the country of the contractor or in U.S. dollars. Bidders can be considered only from World Bank member countries and Switzerland.

When available about March 1, 1979, bid documents as well as all plans, drawings, specifications and proposal forms may be inspected at IRHE's offices in Panama or at Chas. T. Main International, Inc., Boston, Massachusetts, U.S.A. or at the Panamanian Embassy in the United States of America, France, Italy, United Kingdom, Sweden, Germany, Switzerland, Brazil, Spain and Japan.

The complete set of documents may be obtained directly from the purchasing department office of IRHE located in the Poli Building, 2nd floor, Justo Arosemena Avenue, or by fax at 01-538-7940.

They may also be obtained at the office of Chas. T. Main International, Inc., Southeast Tower, Prudential Center, Boston, Massachusetts 02199. There is a non-refundable payment of U.S. dollars 100.00 (U.S. Dollars) per set of documents. Cheques should be payable to IRHE.

Art. Edwin E. Fabrega  
General Director

## Contracts and Tenders

### INSTITUTO DE RECURSOS HIDRAULICOS Y ELECTRIFICACION REPUBLICA DE PANAMA

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The Instituto de Recursos Hidráulicos y Electricidad (IREH) located at Poli Building, at Justo Arosemena Ave.

and 27 East Street in Panama City, Republic of Panama, announces its intention to open bids for designing, manufacturing, supplying and installing 230KV oil filled self-contained cable for main transformer leads to switchyard.

The tentative date for availability of bid documents is the first day of March 1979. Bid opening date is planned for three months after availability date for bid documents. The exact date and hour and place for opening of proposals will be communicated at the time of delivery of bid documents.

IRHE has received the loan PAN-170 from the International Bank for Reconstruction and Development (World Bank) in various currencies equivalent to 42 million U.S. dollars towards the foreign cost of the Fortuna Project. It is intended that proceeds of this loan be applied to payments for foreign costs under the contract for which this advance notice of invitation to bid is issued. These foreign costs will be eligible for disbursements from the loan in the currency of the country of the contractor or in U.S. dollars. Bidders can be considered only from World Bank member countries and Switzerland.

When available about March 1, 1979, bid documents as well as all plans, drawings, specifications and proposal forms may be inspected at IRHE's offices in Panama or at Chas. T. Main International, Inc., Boston, Massachusetts, U.S.A. or at the Panamanian Embassy in the United States of America, France, Italy, United Kingdom, Sweden, Germany, Switzerland, Brazil, Spain and Japan.

The complete set of documents may be obtained directly from the purchasing department office of IRHE located in the Poli Building, 2nd floor, Justo Arosemena Avenue, or by fax at 01-538-7940.

They may also be obtained at the office of Chas. T. Main International, Inc., Southeast Tower, Prudential Center, Boston, Massachusetts 02199. There is a non-refundable payment of U.S. dollars 100.00 (U.S. Dollars) per set of documents. Cheques should be payable to IRHE.

Art. Edwin E. Fabrega  
General Director

## Tender Invitation Notice for Paper Mill Machinery and Spares

Sealed tenders on prescribed forms are invited from reputed firms of established financial standing, up to 1 p.m. on 26th March, 1979, for supply of equipment and machinery required for modernisation of Government of India Security Paper Mill, Hastings (India), as listed in Schedule of Equipment enclosed with the tender form. The foreign exchange cost of the equipment will be paid either from the Government of India's own resources or from foreign assistance received by India from the countries of origin of the equipment and in the latter case, the supply will be subject to the conditions laid down in the agreement signed by India with that country. The bidders are free to quote for individual items as well. The tender forms and the schedule of equipment are available from the undersigned on any working day on payment of 2100/- (non-refundable) against a crossed Bank Draft/Postal Order payable to the High Commission of India, London.

Director General, Supply Wing,  
High Commission of India,  
Aldwych, London, WC2  
Tel: 01-836 5484 Ext. 329/332

## REPUBLIC OF GABON

### Office des Postes et Telecommunications

The Board of the OFFICE DES POSTES ET TELECOMMUNICATIONS of the Republic of Gabon wishes to inform firms and companies in Gabon as well as member countries of the European Economic Community that a tender is launched for the supply and installation of an entirely automatic mobile radio-telephone system for public use.

Specifications may be obtained from: La Direction Générale de l'Office des Postes et Télécommunications Libreville—GABON.

Tenders should be sent to the above address not later than mid-day 18th April, 1979.

## INSTRUMENTS

### Permanent exhibition centre

THE THORNY problem of limited product visibility experienced by most small instrument companies might soon be alleviated by the National Microprocessor and Electronics' Centre, a private venture of Jeremy Prosser (of Prosser Scientific Instruments, Ipswich, 04738 3009), and Chris Roberts, economist and Stock Exchange member.

Sited at the World Trade Centre in London, the centre will be rather like a library, but with instruments and other small electronic systems—nowadays increasingly based on microprocessors—instead of books. There will also be an innovative display area when

newly launched products will be highlighted, and an adjoining conference room where demonstrations and discussions will be arranged.

Prosser and Roberts take the view that although many small companies cannot afford the £2,000 to £4,000 for each minimal appearance at a trade show, they may well think differently about £1,750 all-in charge to appear at the MEC Centre for a whole year. In addition, the relevant trade show date of a new product, resulting in loss of impact and publicity problems.

Each space purchased will allow three or four instruments to be shown and the relevant

product literature to be easily selected. The charge also includes use of the Trade Centre seminar rooms and the cinema.

Visiting foreign buyers will also find the Centre convenient and in theory will not have to leave London to see what the UK can offer.

The success of the venture will be largely dependent on the comprehensiveness achieved: there are about 2,500 relevant companies in the UK and although there is no space limitation at the World Trade Centre, it will clearly take a little while before even the more significant ones are represented.

Opening date is May 1, by which time the organisers hope to have 100 or so exhibitors.

## Structural steelwork

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### Norwest Holst

total capability

01-235 9951

## RESEARCH

### Simplified analysis

RESEARCH into the requirements of analysts has led Metrohm of Switzerland to develop an automatic titration system which offers extreme ease of use, coupled with a high degree of calculating ability.

Introduced to the British market by Roth Scientific the EG336 titrator offers for the first time fully automatic operation in chemical titrations.

The instrument controls the rate of titrant addition in accordance with the corresponding changes in the value measure by the electrode (i.e. sensitivity, speed, reaction kinetics—any of the normal parameters involved in titration procedures can be programmed into the unit. This operation is effected by means of the keyboard or by special cards that can be marked by the operator.

Results are printed out in up to three decimal places and calculation card may be read into the instrument so that the results found can be converted into any desired units. The exact form of the calculation and the associated factors and constant again can be keyed in or marked on the control card. Roth Scientific is at 01-235 9951.

## Will show the fast event

ALTHOUGH fast waveforms with rise times in the hundreds of picoseconds region can nowadays be made to detect a cathode ray tube beam, seeing them on the face of the tube is another matter.

Ability to observe such events, however, is becoming increasingly important in laser, microwave and nuclear work, and in computers.

The latest oscilloscope from Tektronix, P.O. Box 68, Harpenden, Herts, (05827 63141) makes use of a tube with a micro-channel plate to achieve up to 100 times more brightness,

allowing extremely fast transients rising to screen height in 350 picoseconds to be captured on ordinary film.

Essentially a secondary electron emission device behind the tube face, the channel plate has the advantage that, unlike a turned up brilliance level in an ordinary tube, no "blooming" of the trace is produced.

Model 7104 also makes use of an in-house development in high speed integrated circuits, conductive elastomer connection devices, and advanced strip-line techniques.

The resulting specification includes a voltage/time bandwidth of 350 MHz, a writing speed effective for photographic purposes of 200 nm/nanosecond, and full sweep triggering to 1.5 GHz. Vertical sensitivity is down to 10 mV/division.

Dimensions of the oscilloscope are 592 x 305 x 345 mm and the weight is 19.8 kg.

## METALWORKING

### Modernisation by Murex

COMPLETION of the first phase of a modernisation programme has been announced by Murex of Rainham, Essex (78-53222).

More than 50m has been invested, under this project, in new plant and the development of new technology, says the company, which has, among other things, installed a metal breaker, shot blasting equipment and grinding mill.

Completing the company's

all of which should boost production of chrome, molybdenum and other alloys through to fine ground powder.

Another innovation—a continuous tungsten furnace—is said to be one of only two presently operating in the UK. This is completely automatic and, apart from supervision, needs no manual operation.

Completing the company's

first modernisation phase is an isostatic press, new metal powder mixing equipment and a Hewlett dial set automatic lathe for machining components from hard metals.

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# Building and Civil Engineering

## Planning a ship-repair facility

THE Organisation of Arab Petroleum Exporting Countries, Kuwait, has appointed British consulting engineers Rendel Palmer and Tritton to undertake a comprehensive technical and economical feasibility study aimed at the establishment of major ship-repair facilities in one of the Mediterranean member countries of OAPEC: Syria, Egypt, Libya or Algeria.

The study will be subdivided into three stages. In the first a market study will be carried out to forecast the demand for

repair and maintenance services, and to serve as a basis for determining the optimum size and type of facility to be provided.

The second stage will be directed towards the selection of the most suitable country in which to site the facility, while the third will determine the best location within the chosen country, and include a detailed financial and economic evaluation of the project.

The study will be completed in May 1980. Economic aspects

will be undertaken by the consultant's own associated firm, the RPT Economic Studies Group.

In the first stage assistance in establishing world-wide and regional shipping trends, fleet growth and trading patterns will be provided by the specialist organisation HP Drewry (Shipping Consultants).

Those areas of the third stage relating to management and financial viability will be studied by Price Waterhouse Associates (International).

## Over £8½m for Laing

IN CONTRACTS totalling about £8½m, recently awarded to John Laing Construction, the largest is for fitting out part of a new office block in the City of London. Morgan Guaranty Trust Company of New York has awarded the £5.7m contract for the office complex, Angel Court, situated adjacent to the Stock Exchange.

The company will fit out from sub-basement level to the fifth floor, together with the 18th floor, and the remaining floors will be sub-let. Work under this contract involves the erection of partitions, wall coverings, carpeting, construction of a suspended floor slab at mezzanine level, lift alterations, formation of a computer room, dealing rooms, staff dining area and executive guest dining rooms, together with modifications to the heating, ventilating, electrical and air-conditioning systems.

Southwest region of the company has won a £2m contract to give a facelift to a Regency crescent in Cheltenham, Gloucestershire.

Second phase of a programme by the Guinness Trust in Lansdown Crescent, it provides for the conversion of 18 five storey terraced houses into 56 one and two-bedroom flats, 1 three-bedroom flat, 4 bed-sitting rooms, and 30 one- and two-bedroom maisonettes, while

retaining the original character of the building. Cheltenham Borough Council and the Historic Buildings Council are providing loan finance and grants.

Work, which starts soon, involves gutting existing houses and re-planning their interiors by building new walls and putting in new floors, partitions, fittings and main services to meet modern standards. As much as possible of the original moulded joinery and plaster-work is to be retained and restored.

Under a contract worth about £1m, the south west region will also build a two-storey supermarket with shop units for Tesco at Cirencester, Gloucestershire.

This will include its own bakery and food preparation units, display area, offices, storage, staff room and canteen.

Constructed at a site in Castle Street (and formed from adjacent existing buildings), both store and shops will have reinforced concrete columns on concrete pad foundations with a flat roof on steel frame.

Architectural treatment is in keeping with the style of the market town. Present Cotswold stone facade is to be preserved while the main structure behind is to be rebuilt to modern standards and matched to the original appearance with a roof covering of natural stone.

## £7½m Higgs & Hill award

WORK has now started on the new Crown Court complex in Leeds which is being built by Higgs & Hill Northern for the Property Services Agency under a contract for £7.5m.

Contract covers construction of one single and one four-storey building on a prime site of about 10,000 square metres fronting on the main east-west thoroughfare to the west of the Civic Hall. In addition to 14 Crown Courts and three County Courts, the premises will also provide extensive office accommodation.

Main building will have a reinforced concrete frame and be brick clad with a hollow moulded concrete floor and roof slabs.

Project is scheduled for completion in July 1981.

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Project is scheduled for completion in July 1981.

## French Kier is kept busy

THREE French Kier Group companies have been awarded five contracts worth a total of £4.4m.

French Kier Construction has been awarded three of them, totalling £1.6m. One of these is for £1.8m and is for the construction of a sewage treatment works at Totnes, Devon. The work for the South West Water Authority is now starting.

Another contract, worth £192,269, is for the Central Electricity Generating Board and is for demolition work and a new access road at West Ham and Barking power stations, while yet another is for the Mobil oil refinery at Coryton (1640,083), and is for the construction and completion of two electrical sub-stations and work on a third sub-station.

Kier (RBW) has been awarded a contract worth £1m by East Sussex County Council as a further phase in the access to Hastings future industrial estate. Work is to be carried out over a 3½-kilometre length and will be mainly excavation amounting to 250,000 cubic metres. There will also be 1½ kilometres of complete single carriageway in flexible construction and main drainage will be installed over the completed length.

Finally, Kier Trinidad has won a £720,000 contract for the construction of an extension to chemical laboratories for the University of the West Indies, St. Augustine Campus, Trinidad. Both buildings will be of two storeys, concrete framed with infill concrete block walling. The contract includes electrical air-conditioning, plumbing and laboratory equipment installation.

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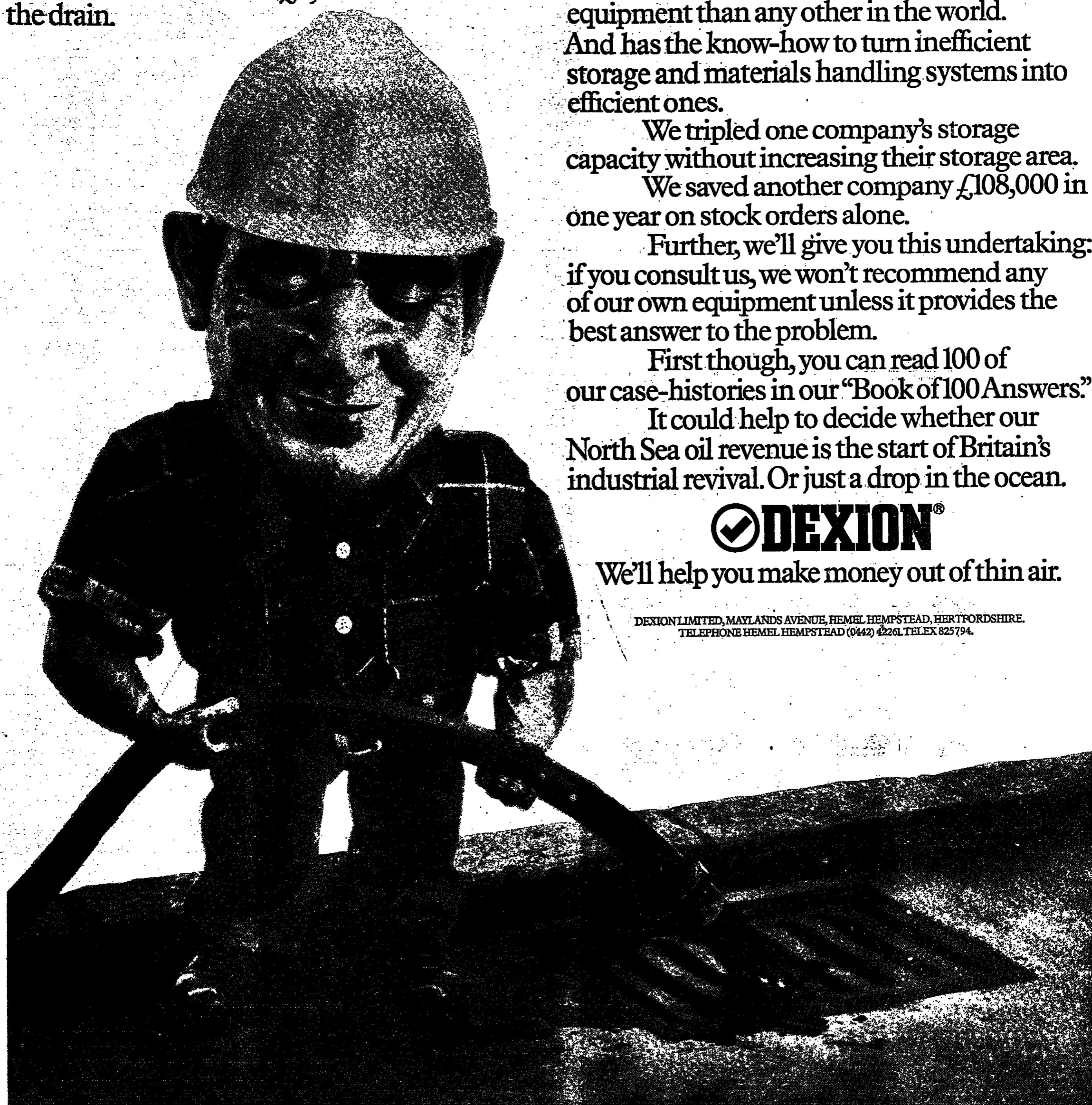
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Everybody knows how North Sea oil revenue should be spent: industrial investment, social services, education.

Nobody, though, seems to know where at least half of it will go.

It will be wasted. £2,000 million down the drain.



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It could help to decide whether our North Sea oil revenue is the start of Britain's industrial revival. Or just a drop in the ocean.

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# Where half of North Sea oil is going this year.

## LOMBARD

## The search for spending cuts

BY PETER RIDDELL

CUTS IN public spending below the level planned for the next couple of years are now obviously back on the Whitehall agenda—to be introduced either by the present government or the budget or, later, after the election. However, the process is still at a very early stage and there is still scope for avoiding some of the main mistakes of past cuts packages.

Part of the problem is simply the way the cuts exercises are undertaken. There is never any shortage of suggestions. Indeed, as part of the annual PESC review spending departments are required to submit proposals for cuts of 2½ per cent in the volume of spending as well as additions.

It is, however, a major weakness in both the normal PESC system and in the cuts exercises that the emphasis is always on a small margin either way. An incremental approach is inevitable to the extent that a large percentage of each department's budget is effectively committed for at least 18 months, if not three years, ahead. But there is the danger that spending departments will always seek obvious cuts, the items that can be restored later.

## Cosmetic cuts

This can lead to the adoption of largely cosmetic cuts. It is certainly true that the three reviews of spending in 1975-76 produced a fundamental change of direction in the growth of public expenditure compared with the previous three years. But a significant part of the cuts only consisted of once-and-for-all adjustments, such as the sale of BP shares and other financial transfers. These were included merely to reduce public sector borrowing to acceptable levels. The presence of these items in 1975-76 and their absence in the current financial year, explains much of the yo-yo effect of a drop of 7.2 per cent in spending one year followed by a rise of 6.2 per cent in the next.

The Government is rightly concerned with a stable framework for public expenditure planning, but the way to achieve this is not through cosmetic devices. The real answer is to have a more fundamental review of programmes and this will involve measuring their effectiveness and impact compared with their ostensible objectives. It may be difficult, if not impossible, to build a detailed system

of "zero-based budgeting" into the PESC framework but it is reasonable to go beyond boggling around the edges to ask whether the overall balance of programmes is right.

In the past, a lot of attention has been focussed on the balance between capital and current spending. The White

Paper estimated that in the

current financial year public

sector investment would be 26½

per cent lower in real terms

than in 1975-76 (with little

change over the next few years)

while current expenditure

would be 5.1 per cent higher.

It is certainly true that it is

politically easier to cut capital

programmes than to sack public

sector staff.

But for years now the pro-

portion of the population

qualifying for assistance under

the scheme has been falling

steadily until the point has

been reached where the only

people who can afford legal

services are the poor and the

rich.

The vast bulk of the popula-

tion—those whom Parliament

deems as being of moderate

means—are faced with heavy,

if not prohibitive, costs. The

reason is that the scales for

qualifying have not kept pace

with the cost of the scheme, or

with inflation. In 1950 the cost

of the civil legal aid scheme in

England and Wales to the tax-

payer was £500,000; today it is

£44.5m. In 1958, 50 per cent

of the population was eligible for

civil legal aid. The proportion is

now down to 25 per cent.

The Lord Chancellor, in intro-

ducing last Thursday, the Legal

Aid Bill in the House of Lords,

was able to state that the first,

legislative step towards restor-

ing the *status quo ante* was

being made. By raising sub-

stantially the financial limits of

disposable capital and dis-

posable income (which means

income after tax, rent or mort-

gage) and other necessary

expenses such as travelling in

work have been deducted, and

allowances made for dependants

in the form of other deductions)

and lowering the rate of contribu-

tions of the legally-aided

towards their costs, a significant

improvement will be achieved.

At least 70 per cent of house-

holds with two parents and two

children will become eligible

for legal aid, advice and assis-

tance. And well over 30 per

cent will get it free.

How has it been possible at

this time of economic stringency to find extra money for a crucial

part of the public services?

Mainly the money has come from

savings made over the past few years by cutting the cost of legal aid for divorce

proceedings. Until the change in

the divorce laws at the begin-

ning of the 1970s matrimoni-

al proceedings gobbled up a

large proportion of the state's

financing of legal proceedings.

Now that divorce has become

almost an administrative pro-

cess the actual legal uniting

achieved with little fuss and

much less legal costs.

Most notable in the debate

on the Bill's Second Reading

on Saturday was the

absence of any hint of

conflict between the legal-aid

scheme, which provides finan-

cial assistance to the individual

citizen in relation to his specific

legal problem that may or may

not involve litigation, and the

financing of neighbourhood law

centres. The latter have sprung

up in the past few years in

response to the growing feeling

that there is a vast unmet need

about advertising, and about

lawyers sharing their earnings

with non-lawyers. Ultimately,

under some political pressure,

the profession waived some of

the professional rules in favour

of those public-spirited lawyers

who wanted to work in the law

centres. Today, if all the sus-

picion has not disappeared,

there is little, if any hostility

on the part of the profession;

about advertising, and about

lawyers sharing their earnings

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centres. Today, if all the sus-

picion has not disappeared,

there is little, if any hostility

on the part of the profession;

away from the clutches of the

law. There is a built-in antipathy

for the law and for lawyers. But

the achievement of the law

centres is that they have demon-

strated to the citizens who have

used them that many of his

problems can be and are success-

fully handled by lawyers acting

in conjunction and support of

other social services.

The Lord Chancellor proudly

boasted that the legal aid

scheme in its 20 years had

aided 300,000 people in the grant

of legal aid certificates. That

indeed has been a significant

contribution to the problem of

financing people in their litiga-

tion. But it is an infinitesimal

number when one measures the

host of legal problems that

face most people every week

of their lives.

Citizens' Advice Bureaux and

other voluntary social agencies

have over the years mainly

provided a skeleton service in

the few who were brave enough

to bring their problems, mostly

to unqualified people. Had the

law centres been part of the

original legal aid movement

there would not today have

been quite the scramble for the

meagre resources available to

keep both sectors of legal ser-

vice functioning together.

As it is, the immediate ques-

tion will be concerned with how

best to cut the limited cuts

between the complementary

branches of legal services. The

Law Centres, as late starters,

deserve an initial large helping

THE WEEK IN THE COURTS

BY JUSTINIAN

in the public for legal services. If no one has been able to measure the precise extent of this, there is little doubt that the mushrooming of the law centre movement has brought legal services within the geographical compass (solicitors are usually clustered around the centres of big cities and are few in number in the poor neighbourhoods of urban areas) and less daunting facilities for the public.

Mainly the money has come from savings made over the past few years by cutting the cost of legal aid for divorce proceedings. Until the change in the divorce laws at the beginning of the 1970s matrimonial proceedings gobbled up a large proportion of the state's matri-

monial proceedings. Now that divorce has become

## THE ARTS

Birmingham Rep

## The Merchant of Venice

by B. A. YOUNG

"Venice is the one city Shakespeare really characterises," says Professor Bradbrook in her latest delightful book, *Shakespeare: the Poet in his World* (Weidenfeld and Nicolson, £6.95). But Bill Bryde directing *The Merchant of Venice* for the Birmingham Rep, is caught up on Barry Jackson: "Shakespeare in his plays clearly cared little about details of historical accuracy." So Venice is laid out on the Rep's great stage as a flat surface pierced by three entries to an imaginary subway and fenced in by a wall of swivelling panels, a Venetian blind as it were, laid on its side. White-painted barriers are moved about by stage-hands between the scenes to no discernible purpose.

Poppy Mitchell is the designer, but the costumes are by Priscilla Truett. Antonio, Shylock and the Duke wear decent modern suits (though Antonio starts in a caftan and arrives at Belmont in a dinner-jacket). The young men prefer anoraks, T-shirts and so on and look like stable-lads out for a stroll. The girls wear dresses that fall below the ankle.

So Barry Jackson's theory that the "old, unhappy, far-off things" could be given "the vivacity and actuality of present-day happenings" is sabotaged at once. Bassanio and his gang could never have belonged to the same world as the wealthy merchant Antonio, respected and respectable. Yet moving among them is one character who stands out as wholly credible (I mean in the

old-fashioned, non-political sense)—Shylock.

With his black hat, gloves and well-rolled umbrella, Paul Rogers is the very pattern of a successful businessman who can discuss a loan with Roger Bide's Antonio as between equals. When the yobs imitate him crying "My ducats and my daughter!" they are imitating their idea of a Jew, not this dignified figure. Only when the case goes against him at the trial does despair take over: then Mr. Rogers sag slowly into an S, his head drooping forward, his knees bending, until at last, defeated, he folds up completely on his knees before the court. It is a fine performance.

Under his punk exterior, Paul Hastings often sounds like a real Bassanio but I think Mr. Bryde actually means him to be a punk, for he lets David Haig's Launcelot Gobbo put his arm around his neck as if they were mates. The Princes of Morocco and Aragon are both Bassanios in disguise, which makes no sense of the story, for having discovered what was in the gold and silver caskets he would on his third appearance have gone straight to the lead: wouldn't he?

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Leonard Burt

Marjorie Yates, Christian Burgess, Gil Brailey, Peter-Hugo Daly and Mark Wing-Davey

Olivier

## A Fair Quarrel

by B. A. YOUNG

The most interesting thing about *A Fair Quarrel* is its depiction of the roaring boys, with their private language. To say it is the most interesting in not very much, for *A Fair Quarrel* is not a very interesting play; but roaring boys turn up quite a lot in the literature of the period (early 17th century), and it is nice to have a close-up of them. No doubt in another three centuries and a half there will be a similar interest in the punks.

If it were not for the roaring boys, the play would have little interest. It is about the worst-composed comedy I ever saw in my life. You would think that Thomas Middleton wrote one of his plots in one place and William Rowley the other some place else, for there is virtually no connection between them. Only by making Russell, the wealthy City man, with the marriageable daughter Jane, brother to Lady Ager, mother of the fighting Captain, do the two plots come together. Their several casts only share the stage at the very beginning and at the very end.

To precede the Mahler with Haydn's Symphony No. 86 from the Paris set was astute. This is a big work bigger than may be implied by the speed and liveness of the outer movements, with a leisurely, suitably unaccountable "Capriccio" slow movement and a broadly designed minuet and trio. There is a Mahlerian incisiveness in the scoring (clarity with Haydn can be taken for granted) and the temper of the music, all allowances made for dissimilar period and circumstances, is not so far removed from the Fifth.

The Haydn was given with immaculate control and evenness. Woodwind were burnished, there was a delicate ill to the waltz-trio of the minuet. Yet something was lacking. It wasn't vitality or anything so obvious as rustic colouring (there was an indoor feel, but Haydn no doubt allowed for the distance between Paris and his Hungarian solitude). There was clearly total respect for the text. Yet Hailink didn't suggest as he unflinchingly does with Mahler, a profound sympathy with the accumulated experience in the music. Haydn, though his life was outwardly comparatively uneventful and he would have shield away from the funeral march, the haunting sense of private associations half-shared in the horn calls of the scherzo. Between the horn calls came one of several examples (this applies of course not only to the brass) of per-

Jane (Harriet Walter) is secretly pregnant by Fitzallen (Christian Burgess), but Russell (Ian Ireland) disapproves of him as a potential husband and has him sent to jail on a trumped-up charge so that Jane may be married to the rich young Cornishman Chough (Mark Wing-Davey). Jane, seeming sick, is confined to a doctor who sees to her delivery and gives the child to a nurse to look after. The doctor threatens that he will expose Jane if she will not give him the obvious reward for his services, and since she doesn't, he does indeed expose her just as the wedding to Chough is about to take place. Some very scrappy developments ensue that lead to Russell bringing back Fitzallen from prison and substituting him as bridegroom.

Meantime Captain Ager (Nicky Henson) has been engaged in an insulting-match with a Colonel (Fred Pearson), who takes his insults to the pitch of calling the Captain "son of a whore," an insult that can only be wiped out in blood. Lady Ager, anxious to save her son from the Colonel's sword, says

untruthfully that yes, she has once been unfaithful to her late husband. The Captain is forced up to the horns of a dilemma: he cannot meet the Colonel if the Colonel's charge is true. Luckily the Colonel calls him a coward, and this gives him fresh grounds for a quarrel, and in that the Colonel is seriously wounded. He survives, however, with all his money to the Captain and asks him to marry his sister.

Neither plot seems to me to generate enough vibrations to raise any emotion but laughter.

(I'd hoped that when Lady Ager admitted her lapse she would reveal that the Colonel was really the Captain's father.) But the satire on the current code of honour is good. In the first scene, a friend of the Captain challenges a friend of the Captain because he draws a comparison between them. When those two officers arrive the men are at once on the verge of fighting because one is older than the other. The great insults come later, when the Colonel tells Russell that he is a blood-sucking churl, one that

Wigmore Hall

## Shostakovich Quartets

by RONALD CRICHTON

The Fitzwilliam Quartet have essentially private as opposed to public music—a diary, carefully written and not merely jottings, or an artist's systematic, exploratory, careful drawings, not merely sketches.

The Fitzwilliam programmes are arranged roughly but not strictly chronologically. Saturday's included the First, Third and Fourth Quartets. The First is an engagingly modest start for a composer well into his stride in other forms. It began as a simple exercise and remained unambitious in scope and style, though by no means inexpert. The writing is treacherously transparent. This was the only point of the programme where the playing showed any signs of not having settled down, but the one or two tiny fluffs (which would have slipped by unnoticed in anything more densely written) were not the kind that come from inadequate preparation.

In fact the Fitzwilliam's Shostakovich has the double advantage of a close and fruitful intimacy with the music still incapable (not of staleness, from which these artists are unlikely to suffer) but of the semi-automatic, gliding-expertly-over-the-surface response which some ensembles fall back on in music they have toured too often. To the remarkable Third Quartet, whose later movements travel so unexpectedly far from the misleading playful opening, the players brought full sonority and where necessary biting attack. Equally admirable but quite different was the poise and sustained clarity of the tranquil, even-keeled, extremely beautiful Fourth. Remaining concerts February 21, March 3, 14 and 24.

Albany, Deptford

## One Gun Salute

by MICHAEL COVENY

Shortly after my last visit to this friendly café-theatre in Deptford, the premises were gutted by fire, the roof destroyed. That incident occurred last July and the damage amounted to £60,000. Thanks to insurance, a Job Recreation grant, a fund-raising appeal and the hard work of two resident carpenters, the Albany re-opened in December. Arson has never been proved, but feeling against the place was so unexpected for from the misleading playful opening, the players brought full sonority and where necessary biting attack. Equally admirable but quite different was the poise and sustained clarity of the tranquil, even-keeled, extremely beautiful Fourth. Remaining

concerts February 21, March 3, 14 and 24.

Miss Harris's production of the misdirected talents of such fringe troupers as Kevin Costello, Aviva Goldkorn, John Burrow, and Mary Sheen, but it sinks continuously under the weight of banality imposed by the callow script. Playwrights such as David Hare and Stephen Lowe have long since covered this ground from the intelligent viewpoint of a benefiting generation. Mr. Turner, however, falls into all the predictable traps of misreading history and colouring what he sees with the trite noise of dissenting cliché.

The evening is almost saved by the excellence of Rick Lloyd's music, splendidly played by Rough Edge and superbly sung by the Albany's resident star, Debbie Bishop. Miss Bishop, the Joan Armatrading of South London, really knows how to strut her stuff, and if the rest had been very much better I could have recommended a visit on account of her contribution alone. As it is, alas, I cannot. The sole centre of politically sentimental tosh would insult even the least demanding type of reflex Marxist.

Small theatres that burn down—such as the old Unity—rarely re-open, so the achievement of Jenny Harris and her colleagues must be gratefully acknowledged. Supported annually by the Arts Council to the tune of £50,000, with help from the local authorities, the venue obviously provides a valuable community service; its 180 seats are invariably packed for the theatre shows on Friday, Saturday and Sunday evenings.

The bar does a flourishing trade and hot meals are available. You may smoke. Brecht would have approved.

So much for the good news. The present show, by John Turner, is an extremely facile look at the Welfare State society through the unfocused lens of a family scrapyard business and the love story of a war veteran now employed by the

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## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
Telex: 886341/2, 888397

Telephone: 01-243 8000

Monday February 12 1979

## Iran: time for discretion

THE Ayatollah Khomeini, Iran's messianic religious revolutionary, appears to have smashed through the last defences of the old order. After 14 years in exile and less than a week in Iran he has driven the Shah into exile, brought the economy of the world's second biggest oil exporter to its knees, provoked unprecedented civil strife and swept away the assumptions upon which a great, imperial dream was to have been built.

Last night, after a bloody weekend which brought the country to the verge of full-scale civil war, the army withdrew to barracks and Mr. Shapour Bakhtiar, the Shah's last Prime Minister tragically conceded defeat, amid worrying signs that the Islamic revolution was veering dangerously out of control. The major question now is whether the Ayatollah can control the forces he has unleashed and, if so, what happens next?

## Major interest

It is far too early to make any judgment about the coming weeks if only because the nature of Islamic Government, which the Ayatollah wishes to set up is still far from clear. This makes it virtually impossible to forecast accurately what opposition it might meet. But the situation is, fraught with dangers both for the people of Iran and for the West which still has a major interest in seeing stability return to a strategically important country whose influence in an increasing volatile area vulnerable to radical intervention could still be great.

Perhaps the most striking aspect of the present turmoil is the speed with which the flames of the Islamic revolution engulfed the 50-year-old Pahlavi dynasty. This is also the most worrying aspect of the situation. All the Shah's efforts—his hand-picked army, the secret police, the hounds, the massive support from the West—clearly failed to amount to much more than a house of straw. In the end it took little more than a few well-chosen words by the Ayatollah to blow it down leaving, it seems, a political vacuum of quite frightening proportions in its place.

## Wise course

Having restored calm, the Ayatollah will presumably attempt to form a government based upon a broad coalition of forces and backed by the army. This will take time. It may also backfire several times causing more blushing given that the stakes are so high and that feelings on all sides are still running strong.

In this volatile situation the wisest course for outside powers would be to watch closely but not to intervene directly. This goes for Moscow as well as Washington. If there is any such thing as a high level Soviet-American dialogue it should now come into play.

## A threat to the rule-book

THE Stock Exchange is dismayed at having been sent to the Restrictive Practices Court without consultation with ministers. Yet it would have been surprising if, at this late stage, the Government had decided to rescue the Exchange from the processes of the Restrictive Trade Practices Act. Because of a rule book instructing its membership how, and at what price, to trade in securities, the Exchange has been bound inexorably for this court since the Act was amended to include the service sector in 1976. The time for a determined plea for exemption by the Stock Exchange, supported by the Bank of England, was while the amended legislation was being drafted.

## Self-regulation

During 1974 exemption was negotiated for a degree of collusion between building societies and insurance companies, and for monetary agreements to which the Bank of England is party. The Stock Exchange's appeal has come very late in the day. It has coincided with another of those moments when the Labour Government is having to demonstrate its distance from the business establishment in order to coax greater cooperation out of organised labour.

Yet there has, since 1976, been an obvious inconsistency in the way the Government has allowed the Exchange to slide into the arms of this court. It was in that year that the Government declared itself at least temporarily committed to the principle of self-regulation of the securities markets.

The Government set up the Wilson Committee to look more deeply into this question (among many other things). It was partly to respond to the Government's leaning towards self-regulation—and to give the Wilson Committee more in report on—that the City establishment set up the Council for the Securities Industry.

It is perfectly clear that self-regulation of a market must involve self-imposed "restrictive practices" of some sort, whether or not of the type which the Stock Exchange has developed over the last century. The point is that the Stock Exchange is now in the grasp of a Court which is obliged to regard a free-for-all as the norm and can only allow restrictive practices to continue if they can be squeezed through certain pre-ordained "gateways."

There is no reason why the

**I**F EVENTS in Iran have demonstrated anything it is that if there is a world energy crisis, it is political rather than economic. Most predictions of world shortages of key raw material or energy sources have come unstuck, starting with Jevons' 19th-century forebodings about the impending disappearance of coal which succeeded in worrying even a convinced free trader as William Gladstone.

What is not speculative, but actual, is the non-Communist world's dependence on a small group of oil producing countries, which are politically vulnerable or have to be treated with great delicacy. Of total oil consumption running at about 54m barrels per day, OPEC oil amounts to 31.5m. Some 6m of this is accounted for by Iran.

## Conservation measures

Clearly the disappearance of Iranian oil makes a hole in the total. On the other hand production in other countries has some elasticity. Productive capacity is a term of art, including a judgment on the state of facilities and of government imposed ceilings. Official OPEC productive capacity without Iran is 23m barrels, giving a gap of 3.5m or over 6 per cent of world consumption. Mr. Garry Gray, the senior economist of Bankers Trust, New York, reckons a flexible application of production limits by Saudi Arabia, Abu Dhabi, Kuwait and Venezuela could close the gap.

This is not something on which to bet a great deal of money; but one's worries relate to political half-heartedness rather than physical impossibilities. Should supplies drop by 7 per cent, the

International Energy Agency oil-sharing mechanism would come into operation, together with concerted conservation measures. The main problems at the moment are those of physical rerouting and reallocation and fears of a precautionary buying spree which will certainly not be prevented by anti-hoarding坐化. The countries most dependent on Iranian oil appear to be Japan and Germany, which received 19 per cent of their imports from this source in the first half of 1978. But in practice it is the customers of BP irrespective of their geographical location who may stand to lose most in the short run.

This concentration of the

shortage on one or two companies may have given rise to distorted comparisons with 1973-1974. Also clearly the U.S. Energy Secretary, Mr. Schlesinger, has an interest in emphasising any dangers which could accelerate U.S. energy saving measures. A different view has been taken by Dr. Ulf Lantzke, Executive Director of the Energy Agency, who has said that oil stocks in the 19 member countries amount to 120 days' net imports, compared with the official minimum of 70 days.

What is not speculative, but actual, is the non-Communist world's dependence on a small group of oil producing countries, which are politically vulnerable or have to be treated with great delicacy. Of total oil consumption running at about 54m barrels per day, OPEC oil amounts to 31.5m. Some 6m of this is accounted for by Iran.

There is a normal seasonal rundown of about 2m barrels a day from the beginning of this year to the end of March, which could reach 3m because of Iranian events. The gap is of a size which quite modest conservation measures could close.

Looking further ahead, the Iranians will have to resume some oil exporting if their economy is to avoid complete disintegration. On the other hand there could be shocks and surprises in other parts of the world.

The big difference with the events of 1973-4 is on the price side. Oil prices rose in the aftermath of the Yom Kippur War to over four times their previous level. The rise more than compensated for a long period in which the price of oil (relative to manufactured goods) had been falling and the OPEC countries moved almost overnight from being a small corner of the world economy to a major force, and acquired a current payments surplus on a scale exceeding that of Germany and Japan. Having raised the crude price from less than \$3 per barrel in 1973 to nearly \$12 in 1974, another rise on that scale is unthinkable without at least a major catastrophe in Saudi Arabia.

But even a proportionately more modest increase would bring problems enough. It has been pointed out that the bidding up of prices at crude oil auctions in 1973 helped to trigger off the oil cartel's action on petrol prices. The Organisation for Economic Co-operation and Development (OECD) calculated in 1978 that every 10 per cent rise in the price of oil now adds nearly 1 per cent to the inflation rate of member states and \$12 to \$14bn to their combined import bills.

At the same time OECD forecasters reckoned on a 5 per cent increase in the oil price and a rough constancy in inflation rates among the average of the main industrial countries. The 14.5 per cent phased increase actually agreed in Abu Dhabi

had just burst, in which output

and prices were rising simultaneously at rapid, although differing, rates throughout the industrialised world. This itself helped to trigger off the oil price explosion, as well as a major rise in commodity prices. It is, after all, not all that long ago that Lord Barber and Mr. Peter Walker went to St. Moritz to woo the Shah for loans and orders.

Although Iran accounted for about 1 per cent of total Euro-bonds issued and medium-term Eurocredit in the last couple of years, there is still a fear that individual banks and institutions may be excessively exposed; and that this could with bad luck have a snowball effect on other institutions. People with fears on this score will be quick to add that there are other countries in almost as vulnerable a position as Iran, and whose credit rating could easily plunge. Will Iran then in 1979 be if not the Creditanstalt of 1931, at least the Herstatt?

Probably not. The world's central bankers agreed firmly, but informally, some time ago to act as lenders of last resort to the Eurodollar market. The exact implications have deliberately not been spelt out. But the aim is to protect the depositors of banks which get into trouble, without guaranteeing against loss the banks themselves. The model is said to be that of the "lifeboat" rescue of the secondary banks by the Bank of England.

One important banker who persisted in probing into these matters too closely was told: "Don't worry, we will be discussing these problems with your successor." Perhaps, however, a little less secrecy would help to quieten the anxieties of those who are always on the look-out for "another 1931" and by their fears make a crash slightly more likely.

The real reason why the world economy today is not comparable to 1974 is that five years ago an inflationary boom

had just burst, in which output and prices were rising simultaneously at rapid, although differing, rates throughout the industrialised world. This itself helped to trigger off the oil price explosion, as well as a major rise in commodity prices. It is, after all, not all that long ago that Lord Barber and Mr. Peter Walker went to St. Moritz to woo the Shah for loans and orders.

But this stability, itself only a relative stability, brings its own problems. With inflation rates averaging only 1.1% under 10 per cent, it would be easy for central banks to adopt a purely passive attitude to an extra 2 or 3 per cent in the price index coming from OPEC and other supply pressures. It would indeed be unwise to follow a policy so severe as to reduce other prices so that the rate of overall price increases did not rise at all compared with 1977 or 1978.

But even to finance a one-off all-increase in the price level, as occurred after the OPEC rise of 1973-74, could imply a squeeze on real demand and activity.

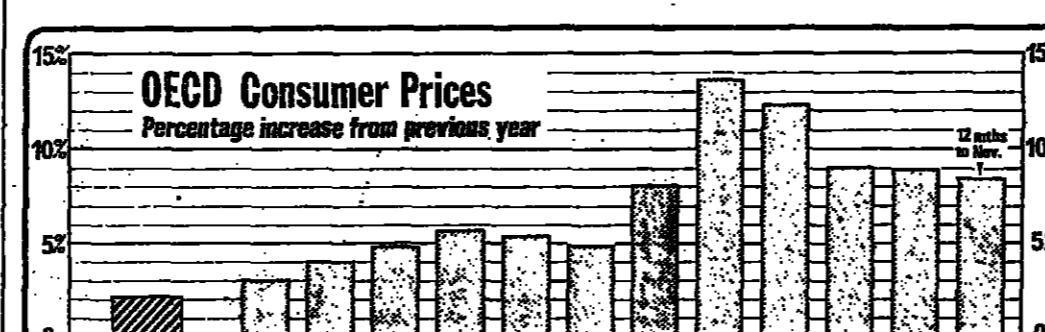
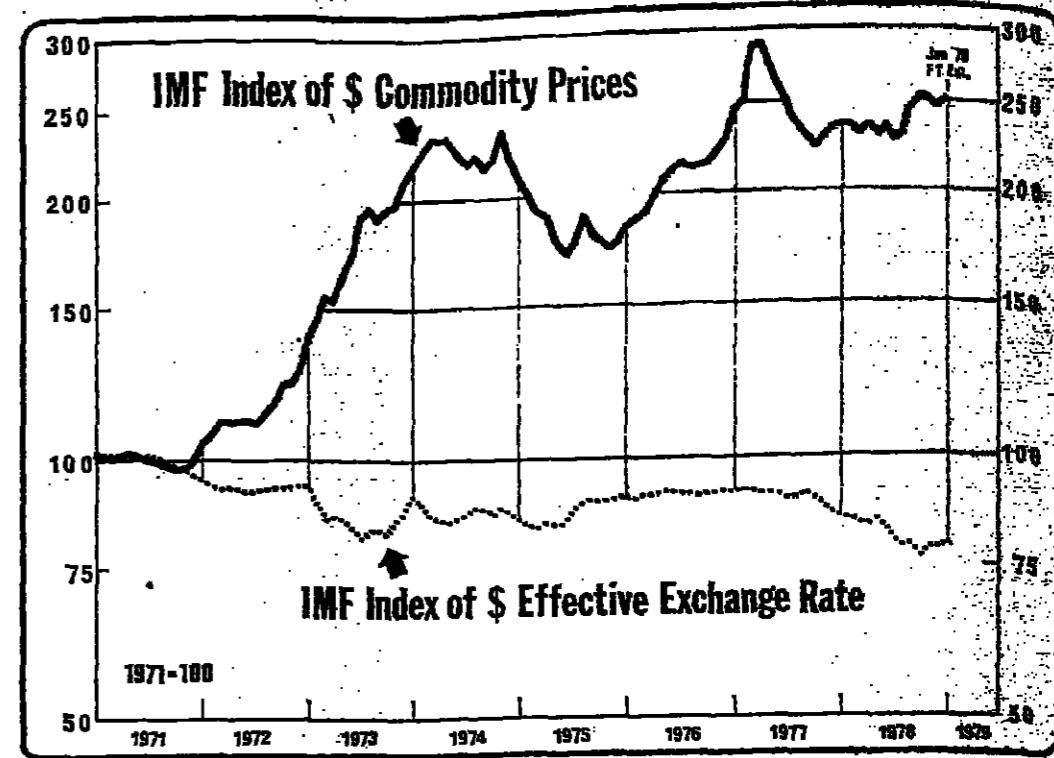
This would be so if oil price and commodity increases led to a threatened long-term upward shift in inflationary expectations which the authorities would have to try to fight off. Stagnation would also be threatened if, in union or otherwise, resistance to the necessary check to living standards were to show itself in wage push. In that case the rate of unemployment required simply to prevent inflation from running away altogether would rise more on a world scale.

As the figures and charts indicate, the size of the new twist that could be given to the stagflation problem is smaller than that which occurred in 1974, and we already start from a higher level of recorded unemployment; and the relative stability of the inflation rate has been achieved at an historically high level.

Thus the world is in a slightly more stable position to face a moderate shock, but it is stability at a lower level of performance.

## The state of the world economy after Iran

BY SAMUEL BRITTAN



## MEN AND MATTERS

## Scoring a try off the field

Cynics suggest there is a trace of political convenience in the appointment of the former Springbok captain Davie de Villiers as South African ambassador to London. His rivals for the part were all Cabinet ministers, which would have forced a Cabinet reshuffle on the Prime Minister P. W. Botha. Mr. Botha is not enthusiastic about making any changes just now, since this would almost certainly mean elevating the arch-Conservative Dr. Andries Treurnicht to full Cabinet rank.

Mr. de Villiers' appointment —at 38 he is the youngest-ever South African ambassador to Britain—could, however, prove a shrewd diplomatic move in its own right. An ordained dominie of the Dutch Reformed Church, also a university lecturer in philosophy, as well as one of the leading young Turks in the aging ranks of the ruling National Party, Mr. de Villiers displayed his talents as a diplomat on the 1969/70 Springbok tour, which faced full-scale anti-apartheid demonstrations at every stop.

There is no precedent to provide guidance as to how the court might interpret this gateway in the case of the Stock Exchange. The first gateway is that a restrictive practice protects the use of the service from injury. The second is that the gateways will not prove as narrow as the Stock Exchange, in its belated plea to Government, has claimed them to be.

There is no precedent to provide guidance as to how the court might interpret this gateway in the case of the Stock Exchange. The first gateway is that a restrictive practice protects the use of the service from injury. The second is that the gateways will not prove as narrow as the Stock Exchange, in its belated plea to Government, has claimed them to be.

At home he is regarded as one of the most "liberal" National Party MPs, and even has the distinction of being too radical. His own feelings for Britain are certainly fond. He first visited London on a student scholarship in 1963, playing his last game of rugby as scrum half for the Presidents XV at Twickenham for the 1971 Rugby Football Union Centenary. He currently lives in Twickenham Road, Johannesburg.

In referring the Exchange to the court the Office of Fair Trading has cited two restrictive practices which are basic to the present character of the British securities market. These are "single capacity" under which jobbers act only as market-makers dealing with brokers, while brokers act only as agents in dealing with the public. The second is that of fixed commissions for brokers. Both practices can be linked to self-regulation; the latter rather more tenuously than the former.

A different, perhaps superior,

basis for self-regulation might be devised. There are economic pressures on the exchange membership to devise one. It is a sad irony that the Exchange's top management must now devote two years to defending the established system to protect the British securities market from a period of self-regulation without a rule-book.

Despite the well-known glamour of his existence, every foreign correspondent has moments of frustration, often occasioned by telephone. In Moscow these moments are compounded by the fact that the Moscow telephone directory was last printed eight years ago, is virtually unobtainable, and does not list foreigners' telephone numbers.

My colleague David Satter tells me all that has now changed, thanks to Victor Louis, a Soviet citizen accredited as correspondent of the London Evening News, and his wife Jennifer. They have compiled a list of telephone numbers for all embassy staff, businessmen, and correspondents, called Information Moscow. It also lists Soviet ministries, foreign trade organisations, and news-

papers, and has been pounced on by large numbers of people, Russians as well as foreigners. Satter finds it useful too, those who want to get in touch with him may find it less so: the number listed for the Financial Times is wrong.

East Fifers are by and large not communists, having fished or farmed on their flat and rather plain AONB for several centuries. But they have been accustomed to mines being somewhere else, namely in West and Central Fife, and to regarding miners as unstable people who vote Labour. Thus when the Fife Planning Committee was given the shock news last Friday that the NCB intended to sink several bore holes in East Fife, several councillors realised that their duty was to preserve the face of Scotland. An exception was a councillor from Dunfermline, where the face of Scotland is distinctly ravaged already. He considered it hardly reasonable to hold up the development of the region on such flimsy grounds.

War looms if the NCB strikes lucky. One of the sites chosen

is not only an AONB, it is the site of the Fife Hunt's point-to-point racing. Yesterday this unforeseen triumph was crowned with a certain irony when the paper printed a hefty advertisement for the latest offer of The Sunday Times Wine Club. This was for a pair of Bulgarians, a red described as "fruity, aromatic and long-flavoured in your mouth," and a "full, dry and wonderfully grapey" white. The somewhat ambiguous headline: "It will make the French gape."

The club, too, must have swallowed some less-than-appetising pride before placing the advertisement with its deadly rival. Needs must. I suppose, if one has taken on board vast quantities of Bulgarian nectar.

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papers, and has been pounced on by large numbers of people, Russians as well as foreigners. Satter finds it useful too, those who want to get in touch with him may find it less so: the number listed for the Financial Times is wrong.

## Bird bonanza

As the crowd filling the Royal Festival Hall on Saturday night well showed, one of Britain's healthiest growth areas is bird-watching. Members of the Royal Society for the Protection of Birds were flocking together for a festival of film, the longest of which had been financially underwritten by Gulf Oil.

The star guest was Lord Home, the keenest bird-watcher in the country, and the most prominent of the ornithological family: his brother Henry keeps birds in his drawing room.

The Gulf-sponsored film last night was a goodwill gesture to Scotland. It describes the return of ospreys to the Highlands, and a large part of it shows the giant predators hurtling into lochs, rivers and trout hatcheries to snatch their prey. Roger West, the corporation's general manager for the North Sea, remarked thoughtfully to me afterwards: "I expect we shall now be getting approaches from the fish lobby for sponsorship."

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FINANCIALTIMES

# Eurobond Quotations and Yields

ABD

THE ASSOCIATION OF  
INTERNATIONAL BOND DEALERS

At 31st JANUARY, 1979

The Association of International Bond Dealers (ABD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month. There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres. Membership of the ABD (which was established in 1969) comprises over 450 institutions from about 27 countries.

## Eurobonds in January

BY JOHN EVANS

The international bond markets opened the new year on a subdued note. But this gave some sections of the market a useful breathing space to allow consolidation, paving the way for a new issue calendar in dollar bonds that approached some \$1bn of issues by early February.

The Eurodollar bond sector opened January with some sharp price falls, which created yields of 10 per cent or more on many seasoned issues. The

which had reopened in late 1978, continued up trend in dollar interest rates and international reservations over the Carter administration's economic policies, particularly on inflation, helped create pressure on fixed-interest securities.

The new issue side of the dollar market virtually remained closed, before West German

chemical group Bayer brought a

\$200m Eurobond with an equity-linkage via Deutsche Bank mid-month.

This warrants-attached offering attracted widespread comment. The warrants on the 10-year deal, with a coupon of 7½ per cent and pricing of par, can be used to purchase Bayer shares over the next 10 years.

Each \$1,000 bond will carry detachable warrants, which can be used to buy 13 Bayer shares at DM 136 each. Based on the mid-January price of Bayer shares—DM 137.10—13 shares would have a market value of about DM 1,782.

The Bayer flotation did not

meet with universal acclaim, and some analysts pointed to the company's relatively

sluggish earnings record as

possibly detracting from its

attractiveness. Nevertheless,

the bond performed well in after-

market trading.

Later in the month, the dollar

market in general looked in better shape. Continued stability of the dollar and an accelerating retreat by short-term U.S. interest rates from their highs of early January re-created investor interest.

Taking advantage of this market recovery—albeit a

possibly brief one based on a transient relaxation in tight American money conditions—new issues started to appear in number. Canada led the surge, with issues for Hudson's Bay

Co and New Brunswick Electric

Power.

The Deutsche-Mark market had a poor month, after being unsettled by the Bundesbank decision to raise its Lombard rate as part of measures to mop up liquidity caused by past foreign exchange inflows.

One bellwether issue was for

Norway's Statoil, which offered DM 150m over 10 years and a coupon of 6½ per cent. These terms suggest that the return for investors on foreign Deutsche Mark bonds are being brought into line with what they can obtain on German domestic bonds.

A maximum of DM 950m worth of foreign DM bonds is to be floated on the German market during February, roughly the same as the actual volume of issues raised in January.

In French francs, the FF 150m issue for Peugeot-Citroen was increased to FF 175m and priced at 100½ to 98.66 per cent.

Meanwhile, in Japan, another capital control barrier was dismantled in January. Non-residents will now be allowed to purchase Japanese bonds with maturities remaining of one year and one month or more, a relaxation of the five year and one month cutoff line in force for the past 10 months.

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# Austrian Quotes

## Quotations and Yields of Austrian Eurobonds

ISSUE	COUPON DATES	REPAYMENT	SINKING FUND (STARTING)	PRICE		CURRENT YIELD	CURRENT YIELD TO MATURITY
				BID	ASKED		
<b>D-MARK BONDS</b>							
6% Brenner Autobahn 1968 (G)	1.2-18	1.8.74-83	1.8.73	101	101	6.65%	6.46%
6% Donaukraftwerke 1959 (G)	1.2-18	1.2.65-84	—	100	101	5.93%	5.84%
6 1/4% Donaukraftwerke 1973 (G)	1.3	1.3.73-87	1.12.77	102	102	6.60%	6.39%
7% Girozentrale Wien 1976	1.11	1.11.81	—	103	103	6.78%	5.70%
7 1/4% Girozentrale Wien 1976	1.11	1.11.83	—	105	106	5.84%	5.78%
8 1/2% IAKW 1975 (G)	1.5	1.5.80-85	—	106	106	8.22%	7.43%
8 1/2% Kelag 1973 (S)	1.5	1.5.79-88	1.2.78	101	102	6.62%	6.46%
8 1/2% Oester. Draukraftwerke 1975 (G)	1.3	1.3.81-85	—	106	107	8.18%	7.30%
7% Oester. Elektrizit鋐swirt 1967 (G)	1.2-18	1.2.73-87	—	103	103	6.78%	6.57%
7% Rep. Oesterreich 1968	1.4-1.10	1.4.73-82	1.4.72	102	102	6.83%	6.21%
6 1/2% Rep. Oesterreich 1969	1.4-1.10	1.4.75-83	1.1.74	101	101	6.40%	6.18%
9% Rep. Oesterreich 1975	1.2	1.2.83	—	105	106	8.73%	8.07%
8 1/2% Rep. Oesterreich 1975	1.5	1.5.78-87	1.2.77	106	107	7.97%	7.41%
7 1/2% Rep. Oesterreich 1976	2.5	2.5.83-86	1.2.82	107	107	7.23%	6.48%
6 1/2% Rep. Oesterreich 1977	1.4	1.4.83-85	2.1.82	103	103	6.52%	6.08%
6 1/2% Tauernkraftwerke 1968 (G)	1.3-1.9	1.9.74-83	1.9.73	104	104	6.23%	5.51%
7% Tauernkraftwerke 1968 (G)	1.2-1.8	1.2.74-83	—	102	102	6.89%	6.25%
9% Tauernautobahn 1974 (G)	1.7	1.7.81	—	108	108	8.78%	5.78%
8 1/2% Voest 1973	1.10	1.10.79-88	1.6.78	105	106	8.04%	7.65%
8 1/2% Voest 1975	1.6	1.6.81-85	—	106	106	7.98%	7.20%
8 1/2% Voest 1977	1.6	1.6.84-89	—	100	100	6.72%	6.68%
7% Wien 1968	1.6-1.12	1.6.74-83	1.6.73	102	102	6.83%	6.43%
8 1/2% Wien 1975	1.8	1.8.79-84	—	102	103	8.01%	7.57%
<b>U.S. BONDS</b>							
6% Rep. Austria 1964	31.1-31.7	31.1.71-84	3.1.70	97	98	6.12%	6.57%
6 1/2% Rep. Austria 1967	15.3-15.9	15.3.72-82	15.3.71	97	98	6.89%	7.58%
8 1/2% Rep. Austria 1976	15.8	15.8.78-80	15.8.77	96	96	9.07%	9.25%
6 1/2% Aust. Electricity 1966 (G)	1.1-1.7	1.7.70-86	1.7.69	98	98	6.77%	6.96%
6 1/2% Aust. Electricity 1967 (G)	1.4-1.10	1.10.71-82	1.10.70	97	98	6.95%	7.44%
5 1/2% Alpine Montan 1965 (G)	15.6	15.6.72-85	15.6.71	93	93	6.16%	7.06%
8 1/2% Tauernautobahn 1977 (G)	15.3	15.3.83-87	15.3.82	94	95	8.68%	9.13%
6 1/2% Transalpine Fin. Hldg. 1966	31.10	31.10.70-85	31.10.69	93	94	6.91%	7.65%
6 1/2% Transalpine Fin. Hldg. 1966	31.7	31.7.70-85	13.7.69	94	95	7.06%	7.69%
6 1/2% Transalpine Fin. Hldg. 1967	31.1	31.1.73-82	31.1.72	97	98	6.91%	7.60%
6 1/2% Transalpine Fin. Hldg. 1967	30.4	30.4.74-83	30.4.73	96	97	6.94%	7.51%
7 1/2% Trans-Austria Gasline 1973	15.1	15.1.77-88	15.1.76	84	85	8.80%	10.03%
<b>AUSTRIA SCHILLING BONDS</b>							
9 1/2% Kontrollbank 1974 (G)	14.8	14.8.79	—	100	101	8.33%	7.78%
<b>DOMESTIC ISSUES</b>							
8% Investitionsanleihe 1973/B	15.2	15.2.77-81 (101)	—	101	101	7.94%	7.78%
8% Investitionsanleihe 1973/II/B	3.7	3.7.78-81 (102)	—	101	102	7.90%	7.93%
8% Investitionsanleihe 1974/B	1.4	1.4.76-82 (104.50)	R	104	105	7.71%	7.73%
8% Investitionsanleihe 1974/II/B	22.10	22.10.76-82	—	101	102	8.37%	7.83%
8% Investitionsanleihe 1975/II/B	11.6	11.6.76-84 (103)	—	103	103	8.29%	8.24%
8 1/2% Investitionsanleihe 1975/S/II	25.7	25.7.76-85 (103)	—	103	104	8.21%	8.04%
8 1/2% Investitionsanleihe 1975/III/B	28.10	28.10.76-84 (103)	—	103	103	8.27%	8.18%
8 1/2% Investitionsanleihe 1975/S/III/IV	27.12	27.12.79-85 (103.50)	—	104	105	8.13%	7.92%
8 1/2% Investitionsanleihe 1976/V/B	12.12	12.12.79-85 (103.50)	—	104	105	8.13%	7.92%
8 1/2% Investitionsanleihe 1976/S	20.2	20.2.81-86 (104)	—	104	105	8.15%	8.03%
8% Investitionsanleihe 1977/S/III/B	2.6	2.6.82-87	—	101	101	7.92%	7.73%
8% Investitionsanleihe 1977/II/B	15.9	15.9.82-86	—	101	102	7.92%	7.72%
8% Investitionsanleihe 1977/III/B	20.12	20.12.82-86	—	101	101	7.90%	7.69%
8% Wasserwirtschaftsfondsanstalt 1977/III	3.6	3.6.82-86	—	101	102	7.84%	7.76%
8% Energieanleihe 1975/IIIB, U.S.	29.10	29.10.79-85 (103.50)	—	104	105	8.11%	7.87%
8 1/2% Wiener Stadtanleihe 1975/B	29.4	29.4.76-83	—	101	102	8.37%	7.91%
8% Wiener Stadtanleihe 1977/A	10.5	10.5.78-92	—	101	102	7.92%	7.81%
8% Wiener Stadtanleihe 1977/B	10.5	10.5.78-92	—	101	102	7.92%	7.74%
8% Euro. Investitionsbank Anl. 1976	20.10	20.10.80-86	—	101	101	7.94%	7.77%
8% Inter-Am. Entwicklungsbk. Anl. 1976	17.12	17.12.81-86	—	101	101	7.94%	7.77%
8% Tag Fineo Anleihe 1976	19.11	19.11.81-86	—	101	101	7.90%	7.68%
8% Sparkassenanleihe 1975/II/B	21.10	21.10.77-83 (101)	—	102	103	8.33%	8.01%
8% Sparkassenanleihe 1977/S/B	26.7	26.7.80-83	—	101	101	7.94%	7.64%

(R) Purchase for redemption purposes by issuer possible. The bonds so purchased may be used for repayment according to plan. (...) Repayment at a premium. (G) Government Guarantee. (S) Local Government Guarantee. Yield calculations are based on the middle price.

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Austrian issuing houses may be considered models where market support is concerned. One more reason for many investors to buy Austrian bonds. Girozentrale Vienna is Austria's second largest bank. Issuing as it does its own securities, looks after many companies in the Vienna Börse and it acts as a depository bank for investment funds. Leading or co-managing almost all domestic issues and having underwritten more than 220 issues on the Euro-Capital-Market in 1977 alone, Girozentrale Vienna is one of the

Market in 1977 alone, Girozentrale Vienna is one of the leading Austrian institutions handling securities.

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**Market Maker in Austrian Eurobonds**  
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## INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios  
**Quotations & Yields as at 31st Jan., 1979**

**SOCIETE GENERALE De BANQUE  
BANQUE GENERALE Du LUXEMBOURG**

Fund	Price	First Issue Price	Yield %	Div. Date
Rentinvest	LuxFr 822	LuxFr 1000	8.30	20/11/78 (F67)
Capital Rentinvest	LuxFr 1375	LuxFr 1000		(Capitalisation)
	1/2/78 High	31/1/79 Low	1/2/76 High	31/1/79 Low
Rentinvestment Capital Rentinvest	LuxFr 918 LuxFr 1423	LuxFr 814 LuxFr 1292	LuxFr 918 LuxFr 1423	LuxFr 814 LuxFr 1085

## WestLB QUOTATIONS AND YIELDS

"Life" and "Maturity" appear in years and decimals of years and assume this context—calculated as follows:

- to final maturity in case of a lump-sum repayment
- to final maturity in case of a sinking fund issue, whenever the quoted price is below 100
- to average life in case of a sinking fund issue, whenever the quoted price is above 100
- to average life in case the bond issue provides for mandatory drawings by lot at par only

P Private Placement (the smallest denomination may be larger than the usual DM 1,000 of public issue)

G Government Guarantees

31st JANUARY, 1979

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## WestLB Euro-Deutschmarkbond Quotations and Yields

Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment by D - mandatory drawing for lot or par S - sinking fund	Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment by D - mandatory drawing for lot or par S - sinking fund	Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment by D - mandatory drawing for lot or par S - sinking fund
8% ADELA 78/83	105.00	7.55	4.17	6.31	1. 4.83	82.37	5.96	8.21	6.48	1.11.85 -860		81.5% Norges Komm. Bank 70/85 (G)	105.00	8.10	3.53	6.88	1. 10.70 -855
7% ADELA 77/82	107.00	7.18	3.37	6.89	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		82.5% Norges Komm. Bank 70/80 (G)	103.75	7.41	1.42	6.45	1. 7.80
7% AEG 63/83	100.50	6.97	3.60	6.82	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		82.5% Norges Komm. Bank 70/80 (G)	103.75	7.41	1.42	6.45	1. 7.80
6% Airport Paris 68/84 (G)	101.75	6.59	3.02	6.49	1. 7.75 -840	82.35	6.26	5.17	6.84	1. 1.75 -840		73% Norges Komm. Bank 70/85 (G)	103.00	6.80	2.25	5.53	1. 5.81
9% A20 75/82	105.50	6.50	3.02	6.49	1. 7.75 -840	82.35	6.26	5.17	6.84	1. 1.75 -840		73% Norges Komm. Bank 70/85 (G)	103.25	6.78	5.67	6.31	1. 4.80 -855
9% AK20 75/82	106.00	6.48	3.00	6.73	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 12.30 -895
7% AK20 75/82	103.50	7.49	4.33	6.78	1. 6.83	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 12.30 -895
6% Alusuisse Int'l. 76/81	99.75	6.02	5.17	6.55	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
5% American Export. Int'l. 78/87	98.75	6.02	5.17	6.55	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
6% AMEX Int'l. 77/84	98.25	6.02	5.17	6.55	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
7% AMEX Int'l. 78/81 (G)	104.10	9.61	1.81	7.45	1. 12.77 -810	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
7% AMEX Int'l. 78/81 (G)	103.00	7.52	4.75	7.45	1. 12.77 -810	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
6% AMEX Finanz 77/83	102.00	6.50	3.02	6.84	1. 5.82	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
8% Ardal-Sundhol 75/81	101.50	6.50	3.02	6.42	1. 7.81	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
8% Ardal-Sundhol 77/89	100.00	6.75	6.75	6.74	1. 7.82 -880	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
7% Argentine 67/78	100.50	5.67	6.53	6.55	1. 12.78	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
6% Argentine 77/84	101.25	7.50	5.13	7.13	1. 10.84	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
6% Argentine 78/85	98.50	6.50	6.08	6.51	1. 3.85	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
6% Argentine 78/85	102.00	6.62	5.17	6.28	1. 4.84	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank 77/88 (G)	98.25	6.11	10.71	6.28	1. 1.81 -895
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7% Argentine 77/84	103.00	7.45	4.17	6.61	1. 4.83	82.35	6.26	5.03	6.84	1. 1.75 -840		67% Norges Komm. Bank					

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## Market Makers in Floating Rate Note Issues

The interest rates per annum applicable to the following US\$ Floating Rate Note Issues were announced during January. These rates are quoted for information purposes only, and should be confirmed prior to the execution of a specific transaction. The rates quoted apply to the six-month periods shown.

Nacional Financiera	1985/86	5 Jan 79	5 July 79	13.1%
Privredna Banka	1985	8 Jan 79	9 July 79	13.1%
BFG Finance Co.	1985/94	10 Jan 79	10 July 79	12.1%
CCP (Afn. 6%)	1985	10 Jan 79	10 July 79	12.1%
OKB	1983	10 Jan 79	—CALLED—	
Adela Investment	1982	11 Jan 79	11 July 79	13.1%
CCF (Min. 7%)	1983	11 Jan 79	11 July 79	12.1%
Credit National	1983	11 Jan 79	11 July 79	12.1%
E.I.A.O.	1983	12 Jan 79	12 July 79	12.1%
Indosuez	1981	15 Jan 79	15 July 79	12.1%
Ljubljanska Banka	1983	19 Jan 79	19 July 79	12.1%
Offshore Mining	1982	19 Jan 79	19 July 79	12.1%
B.N.P. (51% min.)	1983	21 Jan 79	21 July 79	12.1%
Eco Nacion Argentina	1983	22 Jan 79	22 July 79	12.1%
Kansallis Osake-Pankki	1983	22 Jan 79	23 July 79	12.1%
Midland Int'l Fin	1983	23 Jan 79	23 July 79	12.1%
Petroleos Mexicanos	1984	24 Jan 79	24 July 79	12.1%
Indosuez	1985	25 Jan 79	25 July 79	12.1%
LTCB	1982	27 Jan 79	27 July 79	11.1%
African Dev. Bank	1983	29 Jan 79	30 July 79	11.1%
Chase Manhattan	1983	29 Jan 79	31 July 79	11.1%
GZB	1981	31 Jan 79	31 July 79	12.1%
Insilco Corp.	1980	31 Jan 79	31 July 79	12.1%

Interest rates applicable to the issues listed below will be announced during February.

C.I.C.	1981			
Arab Int'l Bank	1983			
Jugobanka	1983			
S.N.C.F.	1985/97			
Hapoalim	1983			
C.C.C.E.	1988			
Credit Lyonnais	1982			
Bq. Ext. d'Algérie	1984			
Standard Chartered	1990			
Credit Lyonnais	1983			
Eco do Brasil	1982			
ESCOM	1982			
I.B.J. (Min. 6%)	1982			
L.T.C.B.	1983			
B.U.E.	1981			
B.N.P.	1982/84			
Midland Int'l	1983			
B.F.C.E.	1984			
Alahli Bank	1983			
Williams and Glyn's	1984			
Panama	1990			

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510 Banque Internationale à Luxembourg  
S.A.  
510 Bayerische Landesbank International  
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515 Dewey Luxembourg S.A.  
520 Kredietbank S.A. Luxembourgeoise  
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604 Barclays Kol & Co. N.V.  
611 Centrale Rabobank Utrecht  
612 Bank Van Der Hoop Offers N.V.  
605 Bank Morgan Labouchere N.V.  
610 Van Lanschot  
606 Nederlandse Middenstandsbank  
N.V.  
607 Nederlandse Credietbank N.V.  
608 Pierson, Heldring & Pierson  
Slavenburg, Oyens & Van Eeghen  
N.V.

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750 Den Danske Bank of 1871 Aktieselskab  
710 R. Henriques Jr. Bank-Aktieselskab

715 Kansallis Osake-Pankki  
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905 Bankers Trust International Limited  
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International Ltd.  
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911 Citicorp International Bank Limited  
912 Continental Illinois Limited  
913 Credit Suisse First Boston Ltd.  
913 Daiwa Europa N.V.  
915 Deltek Trading Company Limited  
920 Dillon, Read Overseas Corporation  
922 Dominion Securities Limited  
925 European Banking Company Ltd.  
930 First Chicago Limited  
931 Goldman Sachs International Corp.  
932 Hambros Bank Limited  
933 IBM International Limited  
934 Hill Samuel & Co. Ltd.  
935 Kidder Peabody Securities Limited  
935 Loeb, Rhoades  
939 Kuhn Loeb Lehman Brothers Inc.  
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937 McLeod, Young, Weir International  
942 Nikko Securities Co. (Europe) Ltd.  
943 Nomura Europe N.V.  
945 Orion Bank Limited  
946 Pinchin, Denny & Co.  
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950 Samuel Montagu & Co. Ltd.  
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963 Sumitomo Finance International  
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965 S. W. Warburg & Co. Ltd.  
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### JAPANESE DOLLAR DEPOSITORY RECEIPTS

Names	Close at 7/2/79
HONDA	\$243
ITO YOKADO	\$87
JUSCO	\$572
KOMATSU FORKLIFT	\$3,30
KUBOTA	\$28
MAKITA	\$30
MURATA	\$4,75
NIPPON MEAT PACKERS	\$3,10
PIONEER	\$194
RENOWN	\$3,21
SONY	\$8,00
TAISHO MARINE	\$124
TDK	\$84
TOKYO SANYO	\$1,81
TRIO	\$29
WACOAL	\$234

### AIBD QUOTATIONS AND YIELDS PUBLICATION DATES IN 1979

February	12th	July	9th
March	12th	August	13th
April	10th	September	10th
May	14th	October	15th
June	12th	November	12th

December 10th  
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EUROPE'S BUSINESS NEWSPAPER

# What is the outlook for the Euromarkets in 1979?

What is the practical impact of the European Monetary System? How is the financial community being affected by the gathering crises in Iran and other countries in North West Asia? After the recent dollar crisis, what is the future for international reserves?

These and many other questions will be examined and discussed at 'The Euromarkets in 1979', a Financial Times Conference to be held at Grosvenor House, London, on February 21 and 22.

The conference will be opened by an address by the Rt. Hon. Harold Lever, Chancellor of the Duchy of

Lancaster. Other speakers will include, Dr. Charles A. Coombs, Director and Consultant, First Chicago International Banking Corporation; Mr. S. M. Yassukovich, Managing Director, European Banking Company Limited; The Rt. Hon. Lord Chalfont, Director, IBM (UK) Limited; Mr. Norman Robertson, Senior Vice-President and Chief Economist, Mellon Bank NA; Dr. Klaus Wieners, Senior Vice-President and Chief Economist, Westdeutsche Landesbank Girozentrale.

For full details of the agenda, and registration procedures, complete and return the coupon below.

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# Zaire's poser for the West

By MICHAEL HOLMAN, recently in Kinshasa

**QUEUES AT** Kinshasa petrol stations, which open for a few hours only each day, start to form the night before and drivers sleep in their cars. Medicines destined for ill-equipped hospitals are sold at market stalls alongside foreign-aid milk powder which should have reached famine areas. These are the symptoms of the straits Zaire is in as the country faces a year dominated by four main questions—to none of which can a confident answer be provided.

Will the apparent surrender of economic control into the hands of the five-man International Monetary Fund (IMF) team and other expatriate experts halt the economic decline and restore international business confidence? Will the population of 26m and especially the 2m in Kinshasa, the capital, tolerate the austerity measures still necessary after years of inflation and poverty? Can the hitherto ineffective armed forces maintain security in the mineral-rich Shaba province when the 2,400-strong Inter-Africa Force (IAF) departs later this year? Above all, if there is to be a programme of reform and rehabilitation, is President Mobutu Sese Seko the right man to preside over it?

These issues have been at the heart of a western policy drawn up after last May's occupation by 4,000 raiders from the Front National pour la Libération du Congo (FNL) of the key mining centre of Kolwezi 850 miles south-west of Kinshasa. The rebels who had invaded Shaba province in 1977 were routed by French legionnaires and Belgian paratroopers with U.S. logistical support. The IAF took their place last June, though this month Brussels said it was sending back 250 paratroopers for reasons that have not been fully explained. But Zaire's decline preceded the Shaba wars. The caused

include the mid-decade fall of copper prices and the rise of oil costs which should have been—but were not—offset by increases of world coffee prices.

A disastrous policy of "Zairianisation" in 1973-74 was accompanied by heavy and undisciplined external borrowing on commercial terms. All the while the leadership indulged in what has been called "an unparalleled collective display of greed."

A great deal is at stake in the recovery operation. Zaire, a vast tract, almost straddling the waist of Africa, is potentially one of the continent's richest states. Though the economy has a lopsided dependence on copper and cobalt for 65-70 per cent of export earnings, it also has coffee, industrial diamonds, oil, palm oil, rich agricultural land and enormous possibilities for hydro-electric power. For the West, apart from concern over Zaire's indebtedness to western institutions, the country has a strategic importance as the world's largest producer of cobalt, which is vital to the aerospace industry.

The task ahead is monumental. It involves rescheduling the \$3.5bn external debt (including undebursed loans of over \$1bn), over half of which would otherwise fall due before 1983. Corruption, which has cost the country hundreds of millions of dollars, must be reduced: an annual rate of inflation of 100 per cent checked; a stabilisation programme including rigid controls of government spending and domestic borrowing enforced.

Zaire is a debilitated, demoralised giant—less a cohesive state than a group of regions for the most part subsisting on their own resources. Opposition is either fragmented, in exile, systematically eliminated, or suppressed by an army regarded more as an occupying power than a protecting force. Underlying it all

there is the fear that the country could return to the anarchy of the 1960s.

Kinshasa itself presents a depressing and potentially disastrous picture. An affluent élite using a currency black market enjoy French wines and

from about 140,000 kilometres (about 88,000 miles) of usable roads before independence to 20,000 kilometres now. Seed improvement programmes are unsuccessful. Even basic hand tools are expensive or unobtainable. The army adds to rural disruption by living off the land and forcing road users to pay cash or goods to pass the frequent road-blocks.

Coffee should be a major foreign exchange earner, but it is estimated that the 1977 crop, worth \$400m, brought only \$120m into the country. The proceeds from smuggled or underpriced exports stayed in foreign accounts.

The state-owned Gecamines faces a difficult year. The important mining centre of Kolwezi appears to have made a remarkable recovery after the occupation last May by rebels. Officials

say that production of copper in 1978 was 391,000 tonnes (after 450,000 tonnes in 1977), of cobalt 13,000 tonnes (10,200 tonnes) and forecast 420,000 tonnes and 13,000 tonnes respectively for 1979. The forecast is treated with considerable caution by many observers including some of the 100 expatriate workers who have returned to the town which once housed 600 expatriates and their families.

It depends on several imponderables. Gecamines believes it can get a total of 250 expatriates to return and that this will be sufficient—though observers suggest that it will take skills too thinly spread.

Equipment requires replacement and this will depend on the outcome of current negotiations with the World Bank and other participants in a suspended expansion programme. The mines depend on the southern route through Rhodesia to export a third of the copper, while Rhodesia itself provides maize, coal, and coke. Any disruption of this

cheeses. The packed slums are a spectacle of abject poverty. It is calculated that real wages in the cities are a fifth of what they were in 1960. The wage of an unskilled worker, some Zaire 40 a month, does not buy one bag of manioc flour, the staple diet. One bag feeds two people for a month.

Hospitals and clinics lack medicines and school standards have slumped. Reports from aid workers in the countryside are bleak. Rural malnutrition is described as being the worst in decades. Bad rains in 1978 have caused near famine in some parts of Zaire. Outside aid needs supervision from the moment it arrives to the point of distribution because otherwise rice destined for the hungry would be sold across the river in Congo-Brazzaville for convertible CFA francs.

Agriculture faces profound problems, not least the deterioration of a transport system

route by Rhodesian guerrillas would be disastrous—and there is little hope that the Benguela Railway to the port of Lobito will reopen as long as Mr. Jonas Savimbi's guerrillas operate in southern Angola.

Above all, expatriates and Zaireans express concern about the departure of the Inter-Africa Force. No date has been set, but mid-year may see them leave. By this time it is hoped that units of the Zaire army, currently being trained by the French (two paratroop battalions) and the Belgians (3,000 infantrymen) will be able to maintain security in the province. They will have to do so without the support of the local people. Shaba is hardly better than an occupied province, its 3m people still under a military rule despite moves towards civilian administration.

Against this unpromising background western policy has to operate. The hopes for economic reform rest on the IMF team at the Banque du Zaire (the central bank). The team, led by Herr Erwin Blumenthal, operates under a wide mandate given by the Government at the meeting in Brussels last October of the 11 western creditor nations. Herr Blumenthal, operates under a wide mandate given by the Government at the meeting in Brussels last October of the 11 western creditor nations. Herr Blumenthal's powers include the right to control all foreign exchange dealings.

It is especially worrying that more than half the debt outstanding is expected to fall due before 1983, nearly three-quarters of it to private banks. Most economists believe that it would be unrealistic to offer Zaire a formula for repayment similar to that of the last Paris Club meeting in 1977 when payments were stretched over nine years with no grace period.

The alternatives, then, are either year-to-year crisis meet-



President Mobutu: should he go?

ings providing barely enough foreign exchange to keep Zaire ticking over, or long-term support based on confidence in the current reforms.

The future of President Mobutu complicates these

payroll—a frequent occurrence which forces the men to live off the land. Equally important, the President's powers to interfere with the reforms must be curtailed.

As it is, said one diplomat, "there is a perverse logic in President Mobutu's approach.

He can either have an effective military force or a politically safe one—but not both. So

sooner or later promising officers are retired or arrested

and a potential threat."

Failure of the West to insist on military reform as a condition of their support is primarily due to a reluctance on the part of the U.S. to bear the likely consequences, diplomats say. That likely consequence is the eventual departure of the President. An efficient army would want to depose him. On the other hand, an end to western support would lead to a deeper economic crisis, straining the patience of the population and almost certainly putting President Mobutu in jeopardy.

Should he accept military reform, he would expect the U.S. to lead the way in training and supplying the army. Should he refuse reform, and the West cease support, the U.S. must be prepared to support his successor should he be pro-West—or live with the incalculable consequences should he be hostile.

## Letters to the Editor

### Trade in textiles

From the Director General, British Textile Employers' Association

Sir,—It may surprise your correspondent to know that we wholly agree with the World Development Movement assertion (February 7) that "protectionism is not the answer" to the textile industry's troubles. What is required is a global policy for dealing sensibly with production and marketing to meet a basic human need—in short the "orderly development of world trade in textiles" which is the officially recognised objective of the GATT multi-fibre arrangement (MFA) and the long-term arrangement for cotton textiles which preceded it.

The background to world demand for textiles includes some startling statistics. For example, per capita consumption of textiles ranges from 25 kilos in the U.S. to 0.6 kilos in Burma, with the world average being as low as 6.8 kilos. Poverty is largely responsible for this wide disparity in textile consumption which is far below the true needs of the world's population and the capacity of the world's textile and clothing industries to produce.

Since statistics have been brought into the argument perhaps I could introduce a few relevant ones to the UK cotton and allied sector (which is our main concern):

	1950	1958	1978
Employment	339,000	240,000	70,000
Imports of woven cotton cloth (from low-cost sources)	100m square metres	250m square metres	430m square metres

The year 1958 is significant because that was when the UK became a net importer of woven cotton cloth. The figures need no further comment from me—they speak for themselves.

The EEC import regime—negotiated within the framework of the MFA—is being used quite positively to create a stable trading environment for the Community's textile and clothing industry. If this industry is to prosper it must have the right product mix of basic goods (which, by their nature lend themselves to mass production) and those where high quality and superior standards of design are paramount. To attempt to parcel out segments of textile production that should be the province of the EEC and of the less-developed countries is unrealistic. In a highly industrialised economy it is necessary to manufacture some products in bulk to enable production of more sophisticated products to be economically feasible. The loss by Lancashire of a fair share of the market for its bulk products has led to the loss of capacity to produce, for example, fine count yarns for which it was at one time world-famous.

In negotiating the renewed MFA, the Community negotiators deliberately cut back quotas for the long-established major suppliers (who have gained a substantial share of the European market) in order to give greater opportunities to newly-emergent countries. The practical competition that is now going on amongst the less developed countries for the same markets cannot be said to be the responsibility of either the UK or the EEC.

We have striven for an EDC (not a sector working part) for the cotton and allied sector in

the genuine belief that this will help us develop a cohesive and positive strategy for the future. While I enjoyed Professor Lee's wit (February 7), I know that we deserve a fate that is better than death!

R. Lloyd-Jones,  
British Textile Employers' Association,  
5th Floor, Royal Exchange, Manchester.

### Danger-men at work

From Mr. D. Goolden  
Sir,—Talleyrand said: "War is much too serious a thing to be left to military men." I wonder what he would have to say about industrial relations and trade union officials if he were alive today?

Douglas Goolden,  
Foy's, Cottage, Withyham,  
Harfield, Sussex.

### Tax rebates and strikes

From the Managing Director, Fine Tubes

Sir,—Before your readers adopt the theoretically admirable principles set out by Mr. G. Macdonald (February 3) a word of warning as to the practical result.

A decision not to pay income tax rebate to a striker is likely to be replaced by funds provided at the taxpayer's expense

of them as responsible citizens contained in a change from the present log-book method of recording their working hours.

The point should be made that this country, by and large, is not yet capable of introducing Continental standards, even if they should be desired. Our roads, with some exceptions, are both narrow and slow. Our financial circumstances also dictate that postponement of the investment burden of installing unproductive instruments that benefit neither producer nor consumer is the only realistic course ahead.

I am as pro-European as anyone, and the reported attitude of some issue-seeking anti-Market Ministers is disgusting, but surely this is a matter for the coming elected European Parliament to discuss and hopefully, to determine. The Treaty of Rome must never be incapable of amendment and must be subject to the evolving desires of the citizens of Europe as expressed through their own elected quasi-Federal Congress rather than less democratic forums.

Geoffrey Woollard,  
Chalk Farm, Bottenham, Cambs.

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Chalk Farm, Bottenham, Cambs.

Mr. A. S. J. Thorne writes

(February 6) of the country grinding to a halt without the banks and financial institutions.

Has he forgotten the Irish bank strike which went on and on and on, without, if the media were to be believed, anyone suffering anything worse than inconvenience?

Mr. R. Nott (February 7) I would say that I happen not to believe that the untimely demise of bankers, financiers and stockbrokers would end imports of wheat and tobacco, but in any case I don't smoke and I prefer black bread to the damp cotton wool currently being marketed as white bread. Incidentally, Mr. Nott, what a shocking waste of those precious wheat imports!

As for Mr. D. F. Wills (February 7) does he really believe that the denizens of the City of London could even begin to cope with the jobs of public service workers? They spend half their time getting the jitters and causing the market to go up and down like a yo-yo, and the other half looking for opportunities of making a fast buck out of Britain's difficulties—“It's no good for the country but it makes sense to me”

However, I sincerely thank these three gentlemen for the courteous way in which they have written.

N. Inns (Mrs.),  
254, Burton Road,  
Furness Vale,  
Via Stockport, Cheshire.

### The spy in the cab

From Councillor G. Woolard

Sir,—I hope that any British Government will succeed in any proposed move to postpone, or phase, the compulsory introduction of tachographs for all heavy goods vehicles. In spite of the ruling from the European Court of Justice, I would further urge readers to examine carefully the case put forward by the supposedly "militant" elements of the Transport and General Workers' Union, as in this case Mr. Alan Law has a better foundation for complaint than might be recognised by people who have never driven goods vehicles day in and day out.

Lorry drivers, once away from depot or docks, put themselves in a world apart from the rest of us. Freedom rules the byways and auto-roads, and it is the mechanical intrusion of impersonal devices that is at the heart of the current argument. Drivers recognise that over-long hours at the wheel endanger other road users, but they resent the implicit lack of trust

### Local authority spending

From the Chairman, Finance and Administration, Executive Committee, Hammersmith Borough Council

Sir,—Colin Jones on local authorities (January 31) indulged in the usual mud-slinging at the spendthrift growth-oriented attitude of those of us in local government. In common with most such commentators he made no mention of the vast growth in statutory responsibilities imposed on local authorities by Whitehall, nor the reliance on the local government structure on the part of central government to carry out every pet political project.

Since the Conservative/Liberal Administration, to which I belong, was elected to office last May, by far the largest supplementary estimate I have had to agree to has related to the cost of operating the enormously expensive effects of the Housing (Homeless Persons) Act 1977.

As for Mr. Jones' assertion that we would be better off if

### GENERAL

U.K.: Prime Minister speaks at launch of Labour Party pro-Scottish Assembly campaign rally, in Glasgow.

Confederation of Shipbuilding and Engineering Unions submits wage claim to Engineering Employers' Federation.

BL Cars' senior shop stewards meet in Coventry to consider strike ballot result.

Mr. William Rodgers, Transport Secretary, issues statement on broadcasting traffic information.

OFFICIAL STATISTICS

Department of Trade publishes January provisional

Duke of Edinburgh starts tour of Middle East.

EEC Farm Ministers meet again in an attempt to resolve farm price structure disagreement.

European Central Bankers start two-day meeting in Basle.

European Parliament meets in Luxembourg (until February 16).

OFFICIAL STATISTICS

Department of Trade publishes January provisional

figures for retail sales.

PARLIAMENTARY BUSINESS

House of Commons: Credit Unions Bill, second reading.

Consideration of Lords Amendments to the Price Commission (Amendment) Bill.

House of Lords: Dartmoor Common Bill, second reading.

Tamar Bridge Bill, third reading.

Public Lending Right Bill, second reading.

## Sime Darby dismisses Guthrie's revaluation

BY ARNOLD KRANSORFF

Guthrie Corporation's revaluation of its assets—at £25p per share—was yesterday described as "judicious" by Sime Darby Holdings, the Malaysian plantations company and overseas trader which has mounted a 425p per share bid for Guthrie.

In the latest exchange since the formal offer—worth £125m—was made almost a month ago, Mr. James Scott, Sime Darby's chief executive, said Guthrie's "defence" document of February 7 was "extremely unconvincing."

He said that the market viewed 628p as totally unreal, as demonstrated by dealings last Friday (when the shares closed at 425p).

"The price we have offered is high on an earnings basis—by any standard. Without our offer the price would fall sharply," he claimed.

In a letter to Guthrie's shareholders over the weekend, Tan Siew Sin, Sime Darby's chairman, describes Guthrie's asset valuation as "unrealistic and irrelevant".

This is because it relies on a revaluation of the Malaysian assets totally out of line with prices currently being obtained in open market transactions and because it assumes that non-

plantation businesses of indifferent and erratic earnings performance can bevalued on an asset basis, he states.

As to the net dividend, which Guthrie plans to raise by 40 per cent for 1978, he says there must be grave doubts as to that company's capacity to maintain payments at the new level.

He says that with net earnings down from 30.3 to an estimated 24.8p per share for 1978, a distribution of 26p out of an available 7p (dividend cover is 1.17 times) is "imprudent, particularly bearing in mind the cyclical nature of plantation earnings and the need to repay borrowings."

The chairman continues:

"Ultimate holding company is Daily Mail and General Trust."

### Tribune Inv. tops £1m

A jump in pre-tax profits from £772,932 to £1,003,257 in the year to December 31, 1978, is reported by Tribune Investment Trust. At half-way, profits before tax were £548,403 (£436,391).

After tax of £422,097 (£231,701), earnings per 25p share are shown higher at 2.7p (1.7p). The net final dividend is effectively raised to 1.15p (0.85p) making 1.7p against an adjusted 1.3p. Net asset value is 88.7p (85.7p).

### PICCADILLY THEATRE

DESPITE A turnaround from a

loss of £5,244 to a pre-tax profit

Gross revenue rose from £904,663 to £1,169,149.

## FINANCIAL WEEKLY IS THE NEW FINANCIAL NEWSPAPER THAT LOOKS AT THE PEOPLE AS WELL AS THE FIGURES

FIRST ISSUE THIS FRIDAY

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### FINANCIAL WEEKLY

What the figures won't tell you, Financial Weekly will



Leonard Burd, chairman of the Manchester Ship Canal Company which is today due to announce its preliminary results.

## Record new business by Lloyd's Life Assurance

### BOARD MEETINGS

The following companies have notified the Stock Exchange of their Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to when and where the meetings will be held and the sub-divisions shown below are based mainly on last year's timetable.

Premiums income during the year, including single premiums and annuity considerations advanced by over 10 per cent from £13.6m to £15m and investment income by over 30 per cent from £2.6m to £3.5m.

Claims and annuity payments were nearly 50 per cent up at £5.5m against £3.1m. Total expenses, including commission, were one-third higher at £9.5m against £1.9m. After a transfer of £500,000 to profit and loss, the life and annuity fund stood at £33.8m at the end of the period compared with £33.3m at the beginning.

The transfer to profit and loss reduced the overall deficiency to £1.1m. Sir Henry regarded this as representing very satisfactory progress for the fund.

The value of the company's shares as at December 31, 1978, stood at 150p as against 105p a year earlier.

New business figures over the year (already reported) showed

new regular premium business up by 58 per cent and single premiums up slightly thereby consolidating the 200 per cent rise in the previous 12 months.

Sir Henry reports that during the period under review, interest rates rose, property values improved and the equity market

## Seafield Gentex in dull market

THOUGH THE group is now emerging from a period of losses there is no sign of any real improvement in the market place for Seafield Gentex. Mr. Richard Lord, the chairman, says in his annual statement he therefore considers it imprudent to make a forecast for the current year.

However the company's financial base has been strengthened so that it will be able to take advantage of any improvement in trading conditions when they arise by converting temporary borrowings into redeemable preference shares and long-term loans, the chairman observes.

The new preference capital is being taken up by Fair Teoranta and the main long-term loans are held by Industrial Credit Company and Fair Teoranta. Satisfactory arrangements have also been made with Allied Irish Bankers and the group's other bankers, he adds.

As a result of the restructuring of borrowing long-term loans at September 30, 1978, were ahead from £1.29m to £2.09m and bank advances and other short-term loans had been cut back from £2.43m to £0.41m. The financial arrangement with Fair is for this organisation's firm of loans to be converted to 1m £1 15 per cent redeemable cumulative preference shares.

Group pre-tax loss for the year

September 30, 1978, was reduced from £499,803 to £48,572—as reported December 21. After excluding sales by Castleguard Textile Company and other companies, turnover was down at £13m (£13.2m), with the export content at £10.8m against £11.6m. At year end net liquidity was up £911,023 (£8,375).

It was a difficult year for most of the company's mills. Both Westport Textiles and Hampton Mills continued to earn profits but there were substantial losses at: Seafield Fabrics, Beechclaw Knitting Mills improved performance but remained in loss.

Both Beechclaw and Seafield Fabrics operate exclusively in the man-made fibres industry where there is severe overcapacity. Mr. Lord says supply and demand are expected to be in balance by 1981 when margins should improve.

More buoyant trading was enjoyed by Trimproof. Its results were much better and a major re-investment programme is being undertaken here, Mr. Lord reports.

Sales by the merchant converting operation of Seafield Gentex (UK) were substantially higher but margins were insufficient. Remedial action is expected to start in the second half of 1979.

BOTH PUBLISHED and inner resources of Alexander's Discount Company remain at a high level, having been substantially strengthened as a result of large profits earned in 1977. Mr. John Glyn, the chairman, says in his annual report.

In 1978 however, the balance for the year was cut from £2.14m to £2.00m after providing for rebate and tax and making a transfer from a contingency reserve.

The group's total portfolio at the end of the year was lower than in 1977, with the most significant change being in the reduction of the holding of British Government securities—cut from £39.73m to £5.05m.

The bulk of the remaining assets were of very short life with more than two-thirds maturing during January and only a small proportion maturing after the end of February, the chairman says.

The balance sheet also shows the transformed situation of the company with capital employed than doubled from £60,000 to £1,570,000. Despite the considerably increased pace of growth in all sectors, reflected in sales in progress and development—and at £2,163,000 (£233,000), the balance sheet shows the transformed situation of the company with capital employed than doubled from £60,000 to £1,570,000. Despite the considerably increased pace of growth in all sectors, reflected in sales in progress and development—and at £2,163,000 (£233,000),

Commenting generally on the period, the chairman says that consolidating the recovery in book printing, the group's original base, the company continued expansion of its internally created housebuilding interests. Success in these two fields encouraged increased capital investment in the former and extension of the latter by an acquisition (Proctor Homes).

The profit base has been further broadened by moving into the field of fine art publishing.

At the coming AGM, the directors are proposing to increase the company's borrowing powers, as provided for in the Articles of Association. The effect would be to raise the limit from £1.5m to £2.07m.

Vectis Stone looks to another good year, Mr. J. A. K. Collins, the chairman says in his annual report.

The current year has started well and is in line with last year. Mr. Collins tells shareholders

The fuel distribution division continues to operate satisfactorily although the diversification would not expect profits from this division to be substantially greater than last year.

In the year ended September 30, 1978, the group turned in record results with pre-tax profits up from £404,302 to £531,147.

A one-for-one scrip issue is also proposed.

Profits on a current cost basis are reduced to £577,500 after adjustments for depreciation of £126,553, cost of sales, £23,750 and £17,307 loss from holding net monetary assets.

At January 3, 1979, the interests of the Henton family in the group's share capital consisted of 1,114 shares—27 per cent.

Meeting, Newport, Isle of Wight, March 1 at 12.15 pm.

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## FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Harris Queensway (Section: Drapery and Stores).

Imberiana Minerals (Section: Overseas—Australia).

Thomas Nationwide Transport (Section: Overseas—Australia).

Walker Stevin (Section: Overseas—Amsterdam).

NEIL & SPENCER

Acceptances have been received in respect of 785,655 Neil and Spencer shares, representing 50 per cent of its rights issue. The balance has been sold at a price of 125p per share. Net proceeds amounting to 17.5p per share will be distributed to those shareholders to whom the shares were provisionally allotted.

### Vectis Stone

WITH a good contract order book and a higher level of activity in the construction industry locally,

## WCB expects further satisfactory result

In his annual report, Mr. R. W. Beney, chairman of White Child and Beney tells shareholders he is confident that the outcome of the current year will again prove to be thoroughly satisfactory.

Present signs are that trading conditions will remain reasonable in most of the group's markets and that the buoyant demand for supermarket and multiplex store equipment will continue for some time to come.

However, the present level of trading throughout the group leaves less margin for volume growth than has been the case in recent years, the chairman says.

For the year ended October 1, 1978, profits before tax rose from £1.62m to £2.15m on sales of £18.25m against £16.23m. A one-for-10 scrip issue is also proposed.

A CCA statement shows profits reduced to £1.62m after adjustments for depreciation, £564,000, cost of sales, £240,000 and gearing, £273,000.

Activity increased in all three main trading companies, particularly in the supply of equipment to supermarkets which rose by 35 per cent, says Mr. Beney.

During the year the group spent over £2m on productive assets which included the purchase and renovation of the 11,000 square foot factory into which WCB Plastics has now moved.

### WOODSIDE PETROLEUM LTD.

151 Flinders St, Melbourne 3000 Australia

Notices are hereby given that the register of members will close at 5.00 p.m. on 16 February, 1979, to determine entitlements to an issue of 50,000,000 ordinary 50 cent shares at par.

By order of the Board:

L. YOUNG, Secretary.

SIMCO MONEY FUNDS

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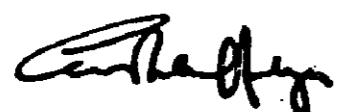
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To learn more about City Investing, contact Jerome Hanan, City Investing S.A., Stockerstrasse 38, 8002 Zurich, Switzerland.

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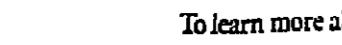






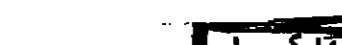












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## INTNL. COMPANIES and FINANCE

by Bank of Israel orders  
tighter liquidity regulations

BY L. DANIEL IN TEL AVIV

THE BANK OF ISRAEL, the country's central bank, has issued an order preventing Israeli companies and individuals from taking short- or medium-term credits—less than 25 years—in foreign currencies. The order is valid in the first instance, for 60 days. It does not apply to such import financing as suppliers' credits, but is designed to prevent the circumvention of the tight liquidity regulations through the import of foreign capital for conversion into Israeli pounds.

Although the Israeli pound is floating, and those taking credits in foreign currency thus run the risk of having to pay more Israeli pounds to return the debt than they paid for the loan, many companies feel that they will still come out ahead. It is thus expected that the latest regulation will tighten credit, and lead to a quicker devaluation of the Israeli pound.

This is because even the lowest bank interest charges are about 32 per cent, and credit is tight, while free market interest charges are above 40 per cent. Moreover, the devaluation of the Israeli pound against the dollar slowed to 26.5 per cent last year. This relatively slow devaluation of the Israeli pound is a result of new contracts for a rig and pipelaying barge.

Profits have been on the decline since 1976, when FELS achieved a record after-tax profit of almost \$87m. Despite the gloomy news, FELS has disclosed new orders which should provide some cheer to shareholders.

In contrast with the poor book order at the beginning of 1978, FELS said it has made a good start this year by winning three contracts with a total value of \$850m recently.

## Singapore shipbuilder in the red

BY H. F. LEE IN SINGAPORE

REFLECTING the depressed conditions in the shipping industry, the leading Singapore ship and rig builder, Far East Levelling Shipbuilding (FELS), has for the first time ended up in deficit. The company has reported a pre-audit loss of \$83m (US\$1.4m) for the year ended December 1978, compared with a post-tax profit of \$65.8m in 1977. FELS said the loss was recorded after taking into account

the expected losses on two vessels which are to be delivered this year. The company commented that its loss reflected the world crisis in the shipping industry in the past two years or so, especially protectionism in Europe, and also the poor rigbuilding market in Asia in 1977 and early 1978. As a result, there was an underutilisation of the shipyard's facilities and manpower, mainly in the first half of 1978. FELS' position could have been worse had it not been for improved conditions in the

## Holiday Inns optimistic on 1979 outlook

BY OUR FINANCIAL STAFF

HOLIDAY INNS realised net profits by 18 per cent last year to \$62.8m, or \$2.40 a share, and said that the outlook for 1979 remained favourable. Total revenues for 1978 showed a gain of 16 per cent to \$1.3bn, but the company suffered an earnings dip in the fourth quarter as the result of a decrease in tax-deductible deposits by its ship operations. The correspondingly higher tax rate left net income down by 14.8 per cent at \$6m, or 20 cents a share.

PHILIP MORRIS (Australia), the tobacco and wine offshoot of the U.S. group, suffered a profit slide of 32 per cent in the December half-year, largely because of increased tobacco excise duty and fierce competition in the wine industry. Earnings dropped from A\$13.28m to A\$9.02m (US\$10.25m), despite a fractional rise in revenue from A\$188m million to A\$185m. The directors said that price

## Lincoln bids \$285m for re-insurance group

By David Lascles in New York

LINCOLN NATIONAL, the large Indiana-based insurance group, has made a \$285m takeover bid for American Re-Insurance, one of the largest re-insurance companies in the country.

American said that the bid, which was unsolicited, would be considered by the Board within the next two weeks after it had had a chance to evaluate it. However, American's president, Mr. James Koenig, said he had no intention of accepting Lincoln's bid.

Under the proposal, Lincoln is offering \$82 in cash or shares in a convertible preferred stock for American's approximately 5.5m shares.

The terms of the stock would be negotiable.

If the deal went through, it would mark one of the largest insurance mergers for some time, bringing together Lincoln's \$60m in assets with American's \$1bn. Although insurance is not strictly commerce for the purposes of antitrust, the deal would still have to be approved by the relevant State insurance regulators.

In contrast with the poor book order at the beginning of 1978, FELS said it has made a good start this year by winning three contracts with a total value of \$850m recently.

## Philip Morris suffers fall in Australian earnings

BY OUR SYDNEY CORRESPONDENT

NEW YORK—McGraw-Hill said it intends to fight a stockholder suit which has resulted in a court order requiring it to show why the \$40 a share offer from American Express should not be transmitted to shareholders for their vote.

The business publishing company, which has previously had four shareholder suits filed against it over the believed to be of any merit and will be defended in court," said the company.

An order signed in the Manhattan Supreme Court requires McGraw-Hill to show why the offer should not be presented for shareholders' acceptance or rejection.

Agencies

## CURRENCIES, MONEY and GOLD

## Gold runs out of steam

BY COLIN MILLHAM

A hectic week in the world's financial markets ended with a sharp fall by gold and a rather strident U.S. dollar.

Earlier in the week gold touched record highs, while the dollar lost all of its recent confidence, as the situation in Iran dominated sentiment in confused and nervous trading.

Comments by Mr. James Schlesinger, the U.S. Energy Secretary, about the possibility of mandatory oil conservation

measures assisted the dollar during the previous week, but when he spoke of a situation "prospectively more serious" than the Arab oil embargo of 1973, the dollar fell to its lowest level for nearly a month.

Gold's performance was the reverse of the dollar's. It rose by a record 13% on Monday, influenced by the unrest in Iran, with speculative switching between metals reported. The initial demand was in New York on the previous Friday, and by the close in London on Monday the metal was only slightly below its all time high at \$244.

It broke through the \$250 level on Wednesday, and closed at a record level of \$250. The previous closing record was \$245.10 on October 30 last year, with an all time trading high of \$247.

Gold touched on the same day, just before President Carter's dollar support package.

The advance continued Thursday morning, with gold touching a peak of \$254.80 shortly after the morning fixing of \$254.00.

After that the market ran out of steam, as the dollar improved.

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# Jardine Matheson prunes its dead wood

BY ANTHONY ROWLEY IN HONG KONG

JARDINE MATHESON, biggest of the conglomerate "hongs" not here (in profits although not market-capitalisation terms) has recently pruned and consolidated to the point where it might appear to be turning its back upon expansion, and turning inwards. Its chairman and senior managing director, Mr. David Newbigging prefers to call the process one of reassessment and reorientation rather than retrenchment—of deciding "which are the winners and which are the losers" or "where we want to go from here."

But in spite of all the claims by Jardine chiefs that the recent series of disposals of capital as well as trading assets have been "no material in terms of the overall picture," the impression of contraction cannot easily be shrugged off.

The proceeds of the numerous disposals in recent months will be devoted to helping to reduce Jardine's relatively high financial gearing and to boosting working capital in the more capital-intensive, technological activities which it has been backing during its diversification away from the image of an unalloyed trading company. The proceeds will go towards improving earnings stability and feeding the cash needs of existing activities rather than acquiring new investments.

Meanwhile, stock market analysts have been enquiring where Jardine is going. The

share price has reflected the dull earnings performance over the past three years, and has generally underperformed the market.

Some Jardine watchers hope that the recent heavy pruning of "dead wood" interests has left a more virile and flourishing trunk capable of supporting new growth. Disposals in recent months have included the 15 per cent stake in the 15 per cent stake (together with convertible loanstock in Allied Food Industries (Far East), a group of trading companies owned jointly with Gill and Duffus, and, most recently, an investment in the heavily loss-making Concept 2000 toy-making and electronics concern which the group held through its Jardine Industries subsidiary.

## Property

Apart from the selling of trading assets, Jardine made a major capital-asset disposal last November in the shape of Gammon House, a prime property which it sold to Hongkong Land.

"We probably did more sales of assets in 1978 than normal," says Mr. Newbigging, contrasting this with the fact that the group was acquisition hungry—and cash rich—a few years ago, and arguing that the business climate at present favours a mood of consolidation rather than expansion.

During its mid-1970s expansion phase, Jardine acquired, among other interests, Theo H. Davies (mainly sugar) operating in the Philippines and Hawaii, Reunion Properties in the UK, and control of the Rennies conglomerate in South Africa.

About this time, Jardine also acquired a 25 per cent stake in Transporting and Trading Company Inc. in the Middle East, a stake which it has subsequently increased to 40 per cent, reflecting the fact that this has been a happier investment.

The acquisition of Theo H.

Davies and of Reunion Properties in 1973 led to a doubling of Jardine Matheson's net worth,

and to a leap in pre-tax profits

from HK\$184m to HK\$479m

between 1973 and 1974.

In 1974 and 1977. By the half-way mark in 1978, they were just under 7 per cent ahead, at HK\$192m, with the likelihood of a similarly modest increase over the year as a whole.

Although the growth of earnings has "slowed" their quality "in terms of maintainability" has improved, Mr. Newbigging argues. This may be so, but the relative stagnation of profits since 1974 also reflects less positive trends, such as a near 50 per cent rise in interest charges—borrowings having risen to the point where terms and loan stocks were equal to 80 per cent of shareholders funds by the end of 1977. This picture, fortunately, will have improved somewhat in 1978.

In order to balance the impression of retrenchment, the Jardine chief points out that the group's capital expenditure programme has been heavy over the past few years. "A lot of cash has been ploughed back into modernising sugar mills and plantations in Hawaii for example. We have increased our involvement in insurance quite considerably."

Why the recent series of disposals? Allied Food Industries was not "fundamental" to Jardine's business. Gill and Duffus was a different matter. Jardine involved itself in joint sugar trading ventures with the company shortly after the group acquired Theo H. Davies, and when Philip

pines sugar millers were still permitted to market their sugar internationally, Jardine wanted to "get the feel" of the market. Then Manila decreed that all sugar must be sold to the Government at prices they determined.

"So one of the fundamental reasons for getting into sugar trading had gone."

Meanwhile, the profits of Jardine Davies (as Theo H. Davies and Co. Far East was renamed) have for a year or so been reflecting the low price of sugar in world markets and reconstruction of a loss-making subsidiary. The latter problem has been "cauterised" and earnings have been stabilised, albeit at a low level pending a hardening of the sugar price.

Mr. Newbigging says there

were "pluses and minuses" involved in the recent series of divestments. He repeatedly comes back to the theme of "backing winners." Jardine has a lot of calls for cash just now in its winners, such as the technology-oriented joint ventures in water treatment, sewage and waste disposal, pollution control and so on. "A lot of our funds are being redeployed in these things which we believe are going to have good promise in the future."

Mr. Newbigging rejects suggestions by some analysts that the timing of the recent Gammon House sale, for HK\$715m to Hongkong Land was dictated by a need to offset capital losses which Jardine had made on its recent series of trading asset disposals.

An emergent China is getting priority from Jardine just now, and it has joined with China interests in property ventures in Hong Kong's New Territories. The main emphasis for the present is on nurturing the winners and on improving the group's debt to equity ratio (through reducing debt, although Jardine does operate from a relatively small equity base in relation to its sales and profits). The "quiet hong" may be a healthier corporate animal for all this at the end of the day.

## Capital stock

Jardine Davies is not on the sale list, Jardine's chief says. At the same time, Jardine has no stated intention of repurchasing the 44 per cent of the capital stock it floated off to Filipino investors in 1976—some 26 per cent of the company is now in public hands—when the offer documents failed to predict a subsequent plunge in profits. "We were encouraged by the Philippine Government to give some local participation, which is why we went public, and that reason remains valid," Mr. Newbigging insists.

# PIKINGTON



The company head office of Willis, Faber & Dumas Limited.  
Architect: Foster Associates.

In the 1950s, our first full-scale float plant made unsaleable glass for 14 months. In each of those months, we spent over £400,000 at today's prices—tracing, analysing and solving problems. As everyone knows, perseverance—and investment—paid off in the end.

Today, the float glass process is licensed in 18 countries, and earns Britain over £30m a year in licensing revenue.

Throughout the world it has transformed the production of high quality flat glass for buildings and the automotive industry.



How's that for enterprise!

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends/concessions are interim or final. The sub-divisions shown below are based mainly on year's timetable.

Companies Today  
H.M. Govt., Danco House, King Edward's Way, E.C. 1, Danco Group, 234-248, Old St., EC. 1, 11.2.79  
BOARD MEETINGS—

AC Cars  
Alexander Holdings  
Alastair Invest. Trust  
Aust. Govt. Investments  
Aviation  
Babcock & Wilcox  
Balfour Beatty  
Baltic War  
Bathgate  
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## APPOINTMENTS

## INSURANCE

## WORLD STOCK MARKETS

## Senior post at Kodak

Mr. Roy Milner has become managing director of KODAK on the resignation of Mr. F. J. Meerton. Mr. Milner remains chairman.

Mr. David Watson has been appointed managing director of SERCH HEAT TRANSFER following the resignation of Mr. Malcolm Ward. Mr. Ward has relinquished his position as managing director to assume new responsibilities on the Board for long-term product and marketing development.

Mr. Brian Fosler has been appointed distribution manager for BOSAL (UK).

Mr. Norman Callear and Mr. John Armstrong have been elected to the Board of BESSEYBLOCK.

Mr. Albert Hayes has been appointed managing director of BURGESS POWER TOOLS. Mr. Donald Baker has been elected to the Board and becomes director and production administrator.

Mr. Abdul Aziz Hussain Selet has been made deputy general manager of administrative and financial affairs of the UNITED ARAB SHIPPING COMPANY. He will take over the position of general manager on January 1, 1980, and the present general manager, Mr. D. H. Tod, will continue as an adviser to the company from that date.

Dr. James R. Stoker has been appointed chief executive of the ceramics division of the STELING-WINTHROP GROUP. He was previously chief executive of the group's talc production division.

Mr. Jim Little has been appointed commercial lending manager of the TRUSTEE SAVINGS BANK NORTH EAST to head a pioneering project to assist small businesses in the region from Darlington to Berwick on Tweed.

Mr. Keith Walker has been appointed chairman of the BRITISH DISPOSABLE PRODUCTS ASSOCIATION, following the death of Mr. Patrick Rowan. Mr. Arthur Rolt has been made vice-chairman of the Association.

Mr. John Costin, area sales manager AC Delco and Mr. Denis O'Shaughnessy, Opel marketing unit manager, UK and Eire, have

joined the Board of GENERAL MOTORS LIMITED. The company has received the resignations of Mr. H. Klaiges, formerly director, staff operations General Motors Overseas Corporation and Mr. R. H. Johnson, formerly Opel marketing unit manager.

Mr. K. Egashira has been appointed president of NOMURA EUROPE based in London.

Mr. Derek Silver, director and general manager, has been appointed president of SPEAR AND JACKSON (CANADA).

Mr. David Jenkinson, director and general manager of SPEAR AND JACKSON (INDUSTRIAL), has been made managing director of that company.

Mr. John Arkell has been appointed managing director of ANGLO SWEDISH EQUIPMENT. He was previously director and general manager. The company is a member of the Bunnable Group.

Mr. Brian Fosler has been appointed distribution manager for BOSAL (UK).

Mr. Norman Callear and Mr. John Armstrong have been elected to the Board of BESSEYBLOCK.

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## Lecturer wins £2,570 compensation

A FORMER lecturer in English language and literature at University College, Swansea, was unfairly dismissed from her post on an industrial tribunal has decided. Dr. Ruth Pryor has been awarded £2,570 compensation.

The decision, revealed to Dr. Pryor, 48, at her home in Penrith, near Swansea, resulted from the re-hearing of her case in Cardiff last October.

Dr. Pryor's original application to the tribunal in May, 1977, succeeded and she was awarded the same amount in compensation.

But the college went to the Employment Appeal Tribunal, headed by a High Court Judge, and as a result the industrial tribunal was ordered to hear further legal argument on a new test of law on breach of contract.

Dr. Pryor said today she was

now taking legal advice about suing for breach of contract and damages for loss of livelihood.

## Cutting the cost of house purchase

BY OUR INSURANCE CORRESPONDENT

THERE HAVE always been two main ways of arranging house purchase: by a repayment mortgage, with capital and interest paid back over the years so that with the last payment at the end of the term the debt is extinguished; and by endowment mortgage, where the whole debt remains unpaid until the endowment matures, interest only being paid in the meantime.

For many years, in less inflationary times, sound advice for the standard-rate taxpayer was to choose the endowment mortgage, since in the long run it was cheaper, the more so if it was arranged "with profits" because the house purchaser would not only have his house but a sizable financial bonus as well when the policy fell due.

Inflation has made something of a lottery, if not a nonsense, of traditional calculations, particularly those based on the principle that the mortgage must be entirely covered from the outset by the basic endowment sum assured, with no account taken of the bonuses that might be expected.

Until a few years ago, building societies and life offices held it essential that there was total cover of the mortgage by endowment. More recently, the practice has grown of arranging mortgage endowments where the initial sum insured gives less than total cover and the balance is made up by bonuses to be allocated over the period of the loan.

## Low-cost endowment

Some 60 life offices offer what have come to be called "low-cost endowments" and their number is increasing.

The low-cost endowment is cheaper than the traditional full endowment because the basic sum assured is less and the premium is paid at a rate per cent on that sum.

However, future bonuses are calculated through, it is certain that the life offices are going to make their calculations conservatively, based on past experience, so that at policy maturity it is reasonable to assume that, when the mortgage

is repaid by the sum assured plus bonuses, there will be some surplus bonuses to go into the house purchaser's bank.

On that basis, and remembering the tax relief allowable on life assurance premiums, the house purchaser paying tax at the standard rate or above ought to find the low-cost endowment mortgage cheaper than a repayment mortgage.

Building societies have always preferred to loan by way of repayment mortgages, principally because in that way they get an immediate and continuous return of capital on which they can then lend.

However, recognising that standard rate and above taxpayers prefer endowment repayments, the societies have for some while accepted insurance repayment cover, first by full cost and now by low-cost endowment.

In 1977 more than a fifth of all new mortgages granted by the members of the Building Societies' Association were repayable by endowments. Last year's full figures are not yet available, but in the third quarter, more than 25 per cent of the association's members' new loans were endowment mortgages.

## Commission

Of course, by bowing to the wishes of their customers, association members are not completely altruistic in that, for they receive commission on the life business they introduce. That must go some way to alleviate their loss of immediate and continuing return of capital.

Ignoring individual life offices' rating variations, which may be considerable, broadly speaking the lower the cost of the endowment, the smaller the initial sum assured and the greater the amount of bonuses to be taken into account to make up the ultimate repayment.

Not every low-cost endowment may therefore be acceptable to every individual building society, so anyone wishing to repay a mortgage in that way should first find out what are the criteria for low-cost endowments of his chosen building society.

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## Indices

## NEW YORK-JOW JONES

## 1978-79 Since Compltn



# AUTHORISED UNIT TRUSTS

**Abbey Unit Tr. Mgmt. (a)**  
72-80, Castlehouse Rd, Aylesbury  
Abbey Inv. Tr. 107.2 102.3 3.45  
Abbey Income 107.2 102.3 3.45  
Abbey Inv. Tr. 107.2 102.3 3.45  
Equities Inv. Tr. 107.2 102.3 3.45

**James Finlay Unit Trust Mgmt. Ltd.**  
10-14, West Nile Street, Glasgow  
1. Finlay Internat'l 120.0 247.1 4.40  
1. Finlay Income 120.0 247.1 4.40  
1. Finlay Export Fin. 120.0 247.1 4.40  
1. Finlay Pct. Inv. 120.0 247.1 4.40  
1. Finlay Pct. Inv. 120.0 247.1 4.40  
Accum. Units 120.0 247.1 4.40  
Prices on Feb. 7. Next dealing Feb. 14.

**Alfred Hamro Group (a) (g)**  
Number 9, Northgate, Greenford, Essex  
02-506 2251 or Bracknell (0277) 221459

**Franklin Unit Inv. Mgmt. Ltd.**  
3-7 Ireland Yard, EC2A 2EP  
Capital Inv. 71.8 52.2 5.64  
Income Tr. 71.8 52.2 5.64  
Elec. & Ind. Inv. 71.8 52.2 5.64  
Accum. Inv. 71.8 52.2 5.64  
Hamro Inv. Fund 120.1 0.4 0.56  
Income Fund 120.1 0.4 0.56  
High Yield Fund 120.1 0.4 0.56  
A. H. Inv. Eq. Fund 120.1 0.4 0.56  
International Funds 120.1 0.4 0.56  
International Fund 120.1 0.4 0.56  
Soc. of Amer. 120.1 0.4 0.56  
Specialist Funds 120.1 0.4 0.56  
Strategic Inv. Fund 120.1 0.4 0.56  
Recovery Inv. Fund 120.1 0.4 0.56  
Divers. Inv. Fund 120.1 0.4 0.56  
Examed Funds 120.1 0.4 0.56  
For East Examed 120.1 0.4 0.56  
U.S.A. Corp. Inv. 120.1 0.4 0.56  
Anderson Unit Trust Management Ltd.  
188, Finsbury St, EC2M 3AA 02-923  
Anderson U.T. Fund 56.6 1.97

**Amsterdam Unit Mgmt. Co. Ltd.**  
1. Inv. Month Fund 116.5 178.4 9.72

**Arbitron Securities Ltd. (a) (c)**  
37, Queen St, London, EC1R 5BY 02-216 5291

**Barclays Unit Trust Mgmt. (a) (g)**  
2-6, Maids Lane, EC2A 1JL 02-923 5292

**Barclays Inv. Fund (a) (g)**  
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British Inv. Fund 120.1 0.4 0.56

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## MOTOR CARS

## WADHAM STRINGER

## ROLLS-ROYCE

Official Distributors for Rolls-Royce and Bentley.

H.A. FOX  
34 Dover Street, London. Tel. 01-499 8892

1978 Mar. Rolls-Royce Silver Shadow II Saloon. Silver Chalice, Blue Everflex roof, Surf Blue leather. Speedometer reading 3,500 miles.

1977 June Rolls-Royce Silver Shadow II Saloon. Caribbean Blue, Dark Blue leather. Speedometer reading 10,000 miles.

1976 Aug. Rolls-Royce Silver Shadow Saloon. Silver Chalice, Dark Blue Everflex roof, Blue leather. Speedometer reading 24,500 miles. £26,450

1976 Aug. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 18,500 miles. £28,750

1976 Aug. Rolls-Royce Silver Shadow Saloon. Willow Gold, Black Everflex roof, Black leather. Speedometer reading 20,000 miles. £26,750

1975 Jan. Rolls-Royce Silver Shadow Saloon. Larch Green, Beige leather. Speedometer reading 35,500 miles. £22,250

1972 Feb. Bentley T Series Saloon. Silver Mink, Dark Blue, Parkex Fencing. Speedometer reading 65,000 miles. £13,250

1971 Aug. Rolls-Royce Silver Shadow. Caribbean Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 62,000 miles. £14,950

1971 Oct. Rolls-Royce Silver Shadow. Seychelles Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 65,500 miles. £14,950

1969 June Rolls-Royce Silver Shadow HJ/PW 2-door Saloon. White, Black Everflex roof, Black leather. Speedometer reading 81,600 miles. £14,750

GUILDFORD

Woodbridge Road, Guildford, Surrey. Tel. 69231. Tk. 858255

1978 Aug. Rolls-Royce Silver Shadow II in Willow Gold with Brown hide interior throughout. Dark Brown Everflex roof. Under 2,000 miles indicated. Price on application

1977 May Rolls-Royce Silver Shadow II in Silver Sand with Dark Brown hide. One owner. Supplied and serviced by us. 25,000 miles indicated. Price on application

1977 Feb. Rolls-Royce Silver Shadow LWB Saloon in Oxford Blue with Baroda Blue cloth interior. Tailored Blue cloth seat covers. One owner. Supplied and serviced by us. 24,000 miles indicated. £29,950

1977 Jan. Rolls-Royce Silver Shadow in Le Mans Blue with Grey hide and Black Everflex roof. Beautiful car. 22,000 miles indicated. £27,500

1974 June Rolls-Royce Silver Shadow in Shell Grey with Light Blue hide and Black Everflex roof. One owner. Full history. 17,500 miles indicated. £24,250

TORQUAY

Lieutenant Square, Torquay. Tel. (0803) 24321

1977 May Rolls-Royce Silver Shadow Series II finished in Honey with Beige hide upholstery, Brown Everflex roof, picnic tables. Speedometer reading 10,000 miles. All usual Rolls-Royce extras. Competitively priced

1977 Oct. Rolls-Royce Silver Shadow Series II Saloon finished in Champagne with Brown hide upholstery. Speedometer reading 4,000 miles. Competitively priced

1975 Mar. Rolls-Royce Silver Shadow Saloon finished in Moorland Green with Red hide upholstery. Speedometer reading 32,000 miles. £23,950

1969 Bentley T Series Saloon finished in Shell Grey with Red hide upholstery. One owner from new. Speedometer reading 32,000 miles. Recently reconditioned. Full service history. A truly remarkable and magnificent motor car. £16,000

For that special car—  
some special finance.A comprehensive range of leasing  
packages is available from

WADHAM STRINGER LEASING

Waterloo (07014) 64221

Other Quality Cars

EXETER

Frog Street, Inner By Pass, Exeter. Tel. (0392) 75237

1978 Mar. Jaguar XJS. Signal Red with Biscuit interior. One owner. Indicated mileage £13,450

1977 May Ferrari 308 GT4. Rossi Red with Beige interior. Air conditioning, radio. Indicated mileage £13,500

1976 Jan. Mercedes 350 SL. Yellow with Tan interior. Indicated mileage 31,000. £15,000

1978 Feb. BMW 220 Auto. Topaz Metallic with Blue cloth interior. Radio/stereo. Indicated mileage 26,900. use under 4,000

1977 Oct. Ford Granada 2.8 GL Estate. Manual. Sunroof, radio/cassette player, headlamp washers. Indicated mileage 17,000. £6,550

1977 June Lancia Monte Carlo Convertible. Bronze Metallic with Tan interior. Indicated mileage 25,250

1977 Jan. Daimler Sovereign 4.2 Auto. Juniper/Cinnamon. Passenger door mirror, electric aerial. List price

New Jaguar XJ 4.2 Auto. Moroccan Bronze/Cinnamon. Passenger door mirror, tinted glass, electric aerial. List price

New Jaguar XJ 5.3 Auto. Juniper/Cinnamon. Tinted glass, passenger door mirror, electric aerial. List price

1978 TAUNTON

Wellington New Road, Taunton. Tel. 85199

1975 Volvo 264 GL Automatic. Finished in Red with Tan leather trim. Complete specification includes tinted windows, electric front windows, steel sliding sunroof, air conditioning. £25,495

1978 Alfa Romeo Alletta GT 1.6. Finished in Blue with Beige cloth trim. A delightful car for drivers. £4,495

1978 Triumph Stag Manual with Overdrive. Finished in Brooklands Green with Tan trim. Hard and soft tops. Electric tinted windows. Very low mileage. £26,995

1978 Rover 2300 4-speed Manual. Finished in Pendleton with Caviar trim. Magnificent example of this delightful car. £5,495

1978 Rover 3500 Automatic. Finished in Turmeric with Nutmeg trim. Complete specification including sliding steel roof. £17,300

1976 Jaguar 4.2 Coupe. Finished in Old English White with Garnet cloth trim and Black vinyl roof. Complete specification. £7,230

1977 Jaguar XJ 3.4. Finished in Old English White with Cinnamon leather trim. Our own Divisional Director's car. £6,395

1977 TORQUAY

Lieutenant Square, Torquay. Tel. (0803) 24321

1977 Nov. Aston Martin V8 Saloon finished in Milan Brown with Beige hide upholstery. Unique 'T' registration number. One owner. Speedometer reading 14,000 miles. £17,250

1976 Nov. Daimler Sovereign 4.2 Automatic LWB 4-door Saloon finished in Greensand with Beige leather upholstery. Speedometer reading 25,000 miles. £6,650

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## ROMANS

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PIRBRIGHT, SURREY

1979 Rolls-Royce Shadow II, finished in Athene Blue with Magnolia hide interior. Blue hide facia, magnolia knee-rolls. Passenger door mirror. Slim whitewall tyres. Delivery mileage only. £29,850 or £1,038 monthly.

## MERCEDES

1978 450 SEL finished in Magnetic Blue with Parchment leather, air cond., electric sunroof, cruise control, radio/stereo. Delivery mileage only. £26,450 or £2,553 monthly.

1978 450 SEL finished in Charcoal colour, air cond., sun roof, radio/stereo. Delivery mileage only. £22,950 or £2,623 monthly.

1978 450 SEL finished in Can gold with parchment interior, air cond., radio/stereo. Delivery mileage only. £22,950 or £2,623 monthly.

1978 450 SEL finished in Amethyst metallic light blue with parchment interior, air cond., radio/stereo. Delivery mileage only. £21,850 or £2,580 monthly.

1978 450 SEL finished in graphite with leather interior, air cond., radio/stereo. Delivery mileage only. £21,850 or £2,580 monthly.

1978 450 SEL finished in metallic light blue with grey upholstered trim, dark grey cloth interior, radio/stereo. Delivery mileage only. £21,850 or £2,580 monthly.

1978 450 SEL finished in Polar Blue with charcoal cloth interior, radio/stereo. Delivery mileage only. £21,850 or £2,580 monthly.

## BMW

1978 T 633 CSI manual, finished in Polar metallic with beige hide interior, air cond., electric sun roof, leather door mirror, headlamp wash/wipe. 11,000 miles. Full service history. £21,450 or £2,623 monthly.

1978 T 633 CSI manual, finished in Charcoal colour with beige hide upholstery, tinted glass, 6,000 miles. Full service history. £21,450 or £2,623 monthly.

1978 T 633 CSI manual, finished in metallic light green with cork pinstriped velour, tinted glass, radio/stereo. Delivery mileage only. £21,450 or £2,623 monthly.

1978 T 633 CSI manual, finished in Polar Blue with charcoal cloth interior, radio/stereo. Delivery mileage only. £21,450 or £2,623 monthly.

## PORSCHE

1978 T 928 auto, finished in Guards Red with black hide, check velour interior, air cond., electric seats, delivery mileage. £26,250 or £7,000 monthly.

1978 T 928 auto, finished in Guards Green with dark grey upholstered trim, dark grey cloth interior, radio/stereo, tinted glass, 11,000 miles. Service history. £21,450 or £2,580 monthly.

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17M 17/5 Treasury 5% 1985 95 2.18 4.41 10.37

15M 15/5 Treasury 10% 1985 98 2.50 16.49 13.09

15M 15/5 Electric 3% 1985 94 9.18 10.88

15M 15/5 Treasury 5% 1985 96 10.00 10.88

14M 14/5 Treasury 5% 1985 96 10.00 12.03

15M 15/5 Treasury 3% 1985 92 9.11 3.77 9.59

15M 15/5 Treasury 3% 1985 92 9.11 5.65 11.10

25M 25/5 Treasury 5% 1985 92 9.11 5.65 11.10

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## Pact with TUC may not stem action

BY PAULINE CLARK, LABOUR STAFF

THE NATIONWIDE programme of industrial action by Britain's 1.5m public service workers goes into its third week today with apparently little chance of a solution emerging from next Wednesday's expected signing of a "concordat" between the Government and the TUC.

The Prime Minister will attempt to raise party morale with a report on the agreement with the TUC to a joint meeting of Labour MPs and the party's national executive at the Commons on Wednesday. At Mr. Callaghan's suggestion, trade union members of the NEC will be given the right, for the first time at such a meeting, to join in the discussions.

Union leaders were agreed yesterday that there was nothing in the new long-term agreement on wage bargaining conduct which could change the aspirations of the public service workers in seeking to keep pace with the general level of settlements in outside industry in the present pay round.

At the most, confirmation that some sort of special relationship between the Labour Government and the unions still exists could, as one union leader put it, "improve the atmosphere of talks".

The proposed concordat sets out a code of practice on voluntary

good behaviour during wage bargaining which would be presented by the Government as its alternative to the Conservative proposals for amendments in the law to lessen damage by strikes.

Ironically, the TUC general council will be deciding whether to endorse what amounts to a political agreement in a week when its major public services unions will be carrying out plans to step up industrial action by council workers and hospital ancillary staff.

The General and Municipal Workers' Union said yesterday that it had now authorised 11,000 workers to take part in official disputes. If had extended the work-to-rule and overtime bans operating widely in local authority services.

The 105,000-strong Society of Civil and Public Servants which is joining with the 230,000-strong Civil and Public Services Association in a campaign of industrial action on February 23, yesterday condemned the Government's "hypocrisy" in calling on unions to observe agreed procedures.

The attack was made in a detailed circular sent to all members by Mr. Gerry Gillman, the society's general secretary. Meanwhile, deadlock remains in the pay dispute affecting the

## Support ebbing for Scottish devolution—poll

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ON THE DAY the Prime Minister is to launch Labour's devolution campaign in Scotland, a poll shows support for the policy is ebbing.

Mr. James Callaghan is due in Glasgow today to make a major speech at a rally which will signal the final run-up to the referendum on March 1.

The Labour Party, Scottish TUC and Co-operative Movement are devoting considerable resources to the devolution fight, on which the Government's credibility in its Scottish power base could depend.

But an opinion poll conducted by the System Three organisation and published in this morning's Glasgow Herald, shows that support for the establishment of a legislative assembly has fallen to 45 per cent.

Last month the figure was 52 per cent and in October it was 58.

Those who said they would vote "No" in the referendum accounted for 35 per cent, against 29 per cent in January and October.

It is clear that doubts about devolution have been raised in many people's minds, by the strong campaign waged by the anti-devolution umbrella group, Scotland Says No.

### Later start

The proportion of "don't know" has risen steadily from 12 per cent in October, to 19 per cent in January and 20 per cent now.

Labour, the Scottish National Party and the Yes for Scotland organisations, all of which are campaigning for an assembly, can take heart from the fact that their efforts have started much later than their oppo-

nents' and have nearly three weeks in which to reach a peak.

However, the narrowness of the poll findings means that a turn-out of about 72 per cent will be needed to overcome the requirement that 40 per cent of the whole Scottish electorate must approve the Scotland Act before devolution can be introduced.

This is as high as an average General Election turn-out and 10 per cent more than the total vote in the EEC referendum four years ago.

### Undecided

Robin Reeves, Welsh Correspondent, writes: The Welsh Assembly referendum campaign enters its last 2½ weeks before polling day with a significant number of the Welsh people evidently still undecided.

A BBC opinion poll published late on Friday, indicated that 45.8 per cent will be voting against and only 33 per cent for the Assembly in the referendum.

But the poll, which predicted a 60 per cent turn-out, also found 21.2 per cent of voters

were undecided—an increase of 7 per cent compared with a poll last autumn.

Mr. Barry Jones, secretary of the umbrella Wales for the Assembly Campaign, said at the weekend that the poll showed the makings of a "Yes" majority in the referendum.

John Elliott adds: The Confederation of British Industry said last night that it is hoping for a "No" vote in the referendum because implementation of the Scotland and Wales Acts could damage business.

This would be specially serious at a time when business confidence is already "very fragile", it says in its latest members' bulletin.

With exporters' claims starting to pile up the Export Credit Guarantee Department remains

at least—about the deteriorating economic situation in Iran. Last week, its US counterpart, Eximbank, stopped issuing new credits and guarantees for exports to Iran. So far, ECGD has not panicked. Existing credit lines remain open, as any one wants to do business, and the official line is that "due underwriting precautions" are being taken. But if Iran really goes sour it could prove to be one of the biggest setbacks in ECGD's distinguished 60-year career.

ECGD is not saying how much money it has at risk in Iran but it is understood to be at least less than £1bn. Outside Western Europe and North America, Iran is one of the biggest markets for UK exports—taking more than South Africa or Japan, for example. Last year, UK companies shipped goods worth £750m to Iran and ECGD probably covered exports of around £600m.

ECGD has had its problem countries before—places such as Angola, Zaire and Bangladesh. But none of them posed anywhere near as serious a threat as Iran. Last year, for example, ECGD had to pay out around £50m to British exporters because Turkey ran into severe financial difficulties. By contrast, the Iranian market is three times as large as Turkey and in the admittedly unlikely event that Iran reneged on its debts, ECGD would have to shell out some hundreds of millions in compensation over several years. In the worst of all events this could wipe out its total reserves of £380m. Of course, this would not matter much since the Government would ultimately have to pay it out of the Consolidated Fund.

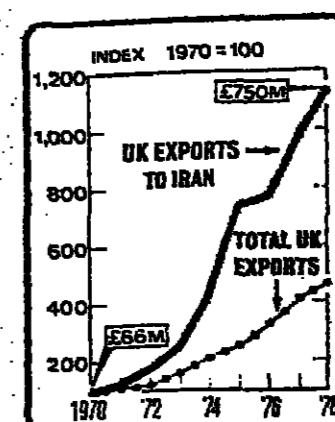
However, it would make a mockery of ECGD's agreed financial objectives. It is supposed to operate at no net cost to the consolidated fund and provide a reserve against future losses. This was initially set at 3 per cent of the amount at risk for the commercial account. ECGD has not been able to meet this target so it has been lowered to 2.25 per cent and even this is beginning to look elusive now.

**German fears**

The escalating problems in Iran are casting a steadily lengthening shadow over the German stock markets. And the Bundesbank's lifting of the Lombard rate together with a

## THE LEX COLUMN

# Iran casts a long shadow



increase was included, and the figure compared badly with the previous January's 0.8 per cent. Germany is seeing last year's 4 per cent inflation this year.

The yield on 10-year government bonds has now risen to around 7½ per cent from 5½ per cent over nine months, with some acceleration of the rise occurring since the increase in Lombard rate. The Bundesbank has been supporting the market by buying in an average of £100m of bonds a day, which may prevent panic among bond dealers, but makes it harder for the monetary targets to be achieved.

The rise in interest rates has disturbed the DM foreign bond market, where bonds have been more expensive than paper uncompetitive with the German Government's own bonds. Interest rates make bonds offering substantial real returns will be likely to diversify a good deal of institutional money out of the equity market, and will depend on just how strong the German economy turns out to be this year.

The French Bourse, still in a consolidation phase after last year's very sharp rise, has been particularly vulnerable to the most recent turn of events in Iran. With the European Monetary System operating mainly to the extent that the DM has been trading in the FF 2.29/30 range virtually since the beginning of the year, and with French inflation rising at around 9 per cent, it may now be very difficult to make some transmission of higher interest rates from Germany.

### Sime/Guthrie

This morning Guthrie's shareholders are receiving Sime Darby's rebus of the definitive circular sent out last week. At this stage, however, its routine criticism of the plant's valuations just published by Guthrie is unlikely to count for very much. And Sime's depreciation of the low cover for proposed dividends is likely to count for very much out of favour. The major banks are supposed to be heavily lent in Iran and their shares, too, have been very weak. Germany's traditional dependence on Iran for the bulk of its oil supplies has intensified the market's worries.

The tightening of monetary policy has been another reason for the weakness of bank shares.

Interest rate margins have been under pressure—there will presumably be a concerted move up. In addition the banks are likely to show losses on the enormous bond portfolios they hold this year as interest rates rise reversing some of the capital gains on bonds which have been making useful contributions to profits since 1975.

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